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**TECHNOCRACY UNDER DEMOCRACY:  
ASSESSING THE POLITICAL AUTONOMY OF EXPERTS IN LATIN  
AMERICA**

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**TECHNOCRACY UNDER DEMOCRACY:  
ASSESSING THE POLITICAL AUTONOMY OF EXPERTS IN LATIN  
AMERICA**

by

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**Technocracy Under Democracy:  
Assessing the Political Autonomy of Experts in Latin America**

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Supervisor: Kurt Weyland

Abstract: The important role that technocrats play in Latin America has stimulated a lively theoretical debate about experts' influence in policy making and their effective independence from other sociopolitical players, especially politicians, international financial institutions and business. Through an in-depth analysis of the role of economic and health technocrats in Colombia from 1958 to 2011 and in Peru from 1980 to 2011, this dissertation demonstrates that technocrats are best conceptualized as autonomous actors in Latin America. This technical autonomy, though, varies in strength from policy sector to policy sector and even within the same policy sector across time. I propose a theory of technocratic autonomy to explain both the bases of experts' autonomy and the determinants that explain the variation in the degree of autonomy across policy sectors and across time. Fundamentally, technocrats' higher degree of expertise provides them with considerable leverage over sociopolitical actors and allows them to enhance their influence.

Four factors explain experts' degree of autonomy and its variation across policy areas. First, a high level of technical complexity in a policy area enhances autonomy by making it more difficult for politicians to counter technocrats' proposals. Second, the degree of technocratic consensus in a policy area limits the possibility of experts being replaced by other experts with preferences closer to those of politicians. Third, experts are more likely to gain autonomy in state areas where bad policy performance causes high political costs for the incumbent. Finally, a balanced constellation of diverse powerful stakeholders having interests in a policy area also enhances technical autonomy. These stakeholders monitor competing stakeholders and the incumbent, opening a space for technocrats to act with more autonomy. I argue that these four factors explain why economic experts, in general, are more likely to gain autonomy and entrench it over time, whereas health experts remain more vulnerable. These factors also explain the variation in technocratic autonomy over time within the same policy area.

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## CHAPTER I:

### INTRODUCTION

In June 2005, Peruvian President Alejandro Toledo (2001-2006) complained bitterly about a “silent opposition” that prevented him from fulfilling his electoral promises. With his approval ratings in the lower twenties and with the 2006 general election approaching, Toledo had good reasons to be worried. *Perú Posible*, his political party, was expected to lose all but two of its 35 congressional seats (30% of Congress) in the election. The prospects for the regional and municipal elections scheduled for late 2006 were similarly bleak. Surprisingly, Toledo saw this “silent opposition” operating within the executive branch. According to the president, it consisted of a group of “insensitive bureaucrats” (*burócratas insensibles*) in the Ministry of Economics that tied his hands and delayed public investment even in times of significant economic growth.<sup>1</sup> Some months before leaving office Toledo told his economic team, “without technocrats I would have done much more.” His twice economic minister, and then Chief of Cabinet, Pedro Pablo Kuczynski, answered playfully: “The ‘insensitive technocrats’ gave you 6.5% GDP growth per year, so stop whining.”<sup>2</sup>

If economic technocrats were such an obstacle for Toledo, why did he not fire them? The president could have appointed members of his party to economic institutions and thereby have easily increased public investment in order to enhance *Perú Posible*’s

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<sup>1</sup> *La República*, “Toledo critica a Funcionarios ‘Intermedios’ de su Gobierno,” June 12<sup>th</sup> 2005.

<sup>2</sup> *Caretas*, “A Doce Mil Pies,” February 9<sup>th</sup> 2006.

electoral chances. After all, these *técnicos* were for the most part mere appointees, lacking bureaucratic tenure. Why complain in public about one's technocratic team but give this team control over the national budget? Toledo's decision to maintain technocrats in their positions was not exceptional: for more than twenty years economic technocrats have been in charge of economic policy in Peru.

The power and influence achieved by this group of experts is not always mirrored by technocrats across other areas of state bureaucracy. Between 1993 and 2002 a group of health technocrats mustered considerable influence within the Peruvian Ministry of Health (Ministerio de Salud -MINSA). These experts, however, were finally dismissed when the externally funded reform projects they conducted ran out of funds and Toledo's first health minister rejected their approach to public health. These events remained largely unnoticed by politicians and the media.

Why have economic experts remained powerful for two decades in Peru while health experts failed to gain stability in MINSA? More broadly, where does experts' power and influence over policy making come from if they lack tenure or institutional protections to assure their stability? Similar patterns as those described in Peru are observed in Colombia and other Latin American countries. This dissertation aims to answer these and other questions about technocrats in Latin America.

## ***THE PUZZLE***

Beginning in the sixties, but especially since the eighties and nineties in the context of neo-liberal reforms, more and more Latin American countries witnessed the

appointment of technocrats to key state positions. Some commentators even discussed the appearance in the region of what they call “technocratic democracies,” defined as regimes where the “framing of policy alternatives is largely in the hands of experts” (Centeno and Silva 1998, 11). Praised by some as islands of efficiency in otherwise unprofessional, politicized and corrupt states, and criticized by others for removing wide areas of policy making from the democratic arena, technocrats have become prominent and controversial actors in Latin American politics.

Technocrats are long-standing actors in Latin America. Appointing well-qualified individuals to state positions is a way to achieve greater state capacity than what is provided by weak bureaucracies (Evans 1992, 141; Geddes 1994). These highly qualified individuals have conducted ambitious policy reforms in Latin America. In the past, however, *técnicos* were usually associated with authoritarian and semi-authoritarian regimes. Under these regimes, experts were insulated from popular and electoral pressures, which allowed for relatively quick and unimpeded implementation of their preferred policies. The concept of bureaucratic authoritarianism developed by Guillermo O’Donnell, for example, highlighted the important role played by high-ranking bureaucrats in military governments in the Southern Cone during the seventies (O’Donnell 1973; Collier 1979; Biglaiser 2002). Experts also implemented ambitious reforms during the military governments of the 1960s and 1970s in Brazil (Geddes 1990; Hagopian 1994). In Peru’s 1968 “revolution from above” military officers insulated highly-trained bureaucrats who challenged the interests of landed and industrial elites



(Stepan 1978; Trimberger 1978). The market-oriented “Chicago Boys” were crucial actors in Augusto Pinochet’s neo-liberal transformation of Chile (O’Brien and Rodick 1983; Silva 1991). More recently, experts with links to the hegemonic *Partido Revolucionario Institucional* (PRI) conducted market reforms during Carlos Salinas (1988-94) and Ernesto Zedillo’s (1994-2000) presidencies in Mexico (Centeno 1994; Babb 2005).

For most of the past century, though, technical expertise seemed scarce in Latin American democracies. Patronage-driven politicians were unwilling to create areas of technical competence that imposed restraints on their use of resources (Malloy 1992). However, since the late fifties, and especially during recent neo-liberal reforms, economic technocrats have become important actors in Latin American democracies, attracting considerable academic attention (Silva 1991; Dominguez 1993; Conaghan and Malloy 1994; Malloy 1992; Centeno and Silva 1998; Babb 2005; Montecinos 2005). In Colombia technocrats have been key actors since the late fifties when President Alberto Lleras Camargo (1958-1962), and more clearly President Carlos Lleras Restrepo (1966-1970), strengthened the executive branch by appointing experts in several economic institutions. More recently, in the 1990s during Alberto Fujimori’s regime (1990-2000), experts became important actors in Peruvian politics. *Técnicos* have also remained key policy makers in Chile and Brazil after their democratic transitions from authoritarian rule in the late eighties (Silva 2008). Similarly, the PRI’s failure to maintain its electoral

hegemony in 2000 did not reduce the importance of economic experts in the Mexican state (Babb 2005).

Experts' heightened role in democratic times has stimulated a lively theoretical debate about their influence in policy making and their effective independence from other sociopolitical players, especially politicians, international financial institutions (IFIs), and business interests. What explains the relevance of experts in contemporary Latin American democracies? Is their power derived from other actors or do they enjoy autonomy?

Three instrumentalist theories locate the source of technocrats' influence in other political or economic actors. According to these theories, *técnicos* are the agents of other powerful actors such as politicians, IFIs, or business interests. These instrumentalist theories conclude that *técnicos* are “merely representatives or the most visible manifestation of deeper or more structural determinancies; technocrats are not where the action is” (Centeno and Silva 1998, 2). As discussed in the second chapter, instrumentalist theories fail to capture the importance of experts in the region. Even if these theories provide important insights into the role of technocrats, they ultimately underestimate the autonomy experts achieve from their alleged principals.

Through an in-depth analysis of the role of economic and health technocrats in Colombia from 1958 to 2011 and in Peru from 1980 to 2011, in this dissertation I propose that a “technocratic autonomy” perspective better captures the role of experts in Latin America. I offer evidence that *técnicos* pursue policies that are distinct from those

preferred by their political superiors, IFIs, or business interests. Experts frequently set the reform agenda in their countries and advance public policy in accordance with their own conceptions of what constitutes promising policy. Therefore, experts are capable of adopting their own preferences in policy making and of advancing these preferences with relative success even against the interests of other powerful actors. As such, technocrats meet the criteria for autonomy specified in previous studies of states, agencies, international organizations, and bureaucracies (Krasner 1984, 224; Skocpol 1985, 9; Brint 1990, 369; Centeno 1993, 322-323; Barnett and Finnemore 1999; Carpenter 2001, 15). Technocrats in contemporary Latin America are better characterized as political actors in their own right (Silva 1991; 2008; Centeno 1993; Centeno and Silva 1998).

This technical autonomy, though, varies in strength from policy sector to policy sector and even within the same policy sector across time. Experts enjoy more autonomy in some sectors than in others. In some policy areas experts are more successful in advancing their preferences and in marginalizing other actors from the policy making process. If this autonomy is high, experts can successfully adopt informal or formal rules that make technical expertise a necessary requirement for recruitment in areas under their control. By doing so, technocrats often increase to prohibitive levels the political costs of appointing non-technical individuals in these institutions, eventually making it highly unlikely that they themselves will be fired. By contrast, in policy sectors where this autonomy is lower technocrats are less capable of advancing their preferences and remain

more vulnerable to clashes with politicians and other actors, and thus are less likely to achieve continuity.

This finding poses an intriguing paradox. Experts lack an independent base of power, such as popular election, or institutional protections as in the case of certain state bodies (courts, central banks, etc). They also lack the tenure enjoyed by professional bureaucracies because usually they are mere appointees. In formal terms, most experts remain strongly dependent on politicians to keep their positions as they “can be fired in a matter of minutes” (Schneider 1998, 78). How, then, can technocrats be autonomous? What is the base of their power? Moreover, why does this autonomy vary across policy sectors and even within the same policy sector across time? And why are experts more likely to entrench their autonomy in some sectors but not in others?

In this dissertation I propose a theory of technocratic autonomy to explain both the bases of experts’ autonomy and the determinants that explain the variation in the degree of autonomy across policy sectors and across time. In this introductory chapter I briefly present the main argument advanced to answer these questions concerning technocrats in Latin America. Then, I explain the theoretical relevance of this analysis. I conclude by specifying two concepts this thesis uses –technocrats and democracy– and by providing an overview of the dissertation.

## ***THE ARGUMENT IN BRIEF***

Technocrats' main source of autonomy is expertise. Expertise legitimizes *técnicos* and their preferred policies and also gives them considerable leverage over sociopolitical actors. Experts act as agenda setters, drafting and implementing policies that affect the interests of political and societal actors. A first crucial finding of this dissertation, then, is that technical knowledge gives its bearer considerable power in the Latin American state.

Technocrats are usually appointed to deal with complex issues that *políticos* lack the ability to address successfully. My study offers evidence of how, once in their positions, experts adopt decisions that diverge from politicians' initial mandate and advance their own policy preferences in ways not expected by their political superiors. By using their knowledge and increasing the technical sophistication of public policy, technocrats force politicians and other sociopolitical actors to "speak" a language of expertise. *Políticos* become more dependent on experts' knowledge as state areas become more complex technically and difficult to manage. This process by itself reinforces the position of *técnicos* in the state (Grindle 1977, 423; Haas 1992, 4; Centeno 1993, 316; Palacios 2001). But my findings also show that technocrats are not passive actors benefiting from this process. Experts use their knowledge to purposively exclude less-technically trained actors from policy making; divert political and socioeconomic pressures; build informal and formal institutions that guarantee their stability and reproduction; and build alliances with other actors to advance their technical preferences. I refer to these strategies as "crafting" technocratic autonomy.

The strength of this autonomy, however, varies across policy sectors. In some sectors experts enjoy a higher level of autonomy that allows them to resist intrusion by other actors in state policy areas under their control, achieve greater success in the advancement of their policy preferences, and even entrench their autonomy by making it prohibitively costly for politicians to fire them. In other sectors experts' positions remain more vulnerable, their actions more restrained, and continuity more difficult to achieve. I propose that four factors –two endogenous to experts and two exogenous- explain the variation in the strength of technical autonomy found across policy sectors and over time. These factors are:

**Policy complexity** – A first factor to explain variation in technical autonomy is the level of technical specialization required to understand the implications of policy options in a given issue area. Policy complexity enhances autonomy by increasing both the asymmetry of information between experts and politicians and the uncertainty about the likely consequences of adopting certain policies. Due to their lack of comprehension of these technical aspects, politicians rely heavily on experts to make these assessments, loosening their own political control over policy decisions.

**Consensual expertise** – A second factor refers to the degree of technical consensus that exists among experts in a given policy area. In policy sectors where a strong consensus already exists among experts about what constitutes adequate policy, there is less space for political intrusion. Consensus enhances experts' autonomy by making technical preferences appear legitimate and reasonable, and preventing

fundamental challenges by other technically trained individuals. There may be some debate about policy details or priorities, but a broad agreement among experts of what policy approach is adequate is already in place. Technical consensus, then, provides experts with “an authoritative claim to policy-relevant knowledge within that domain or issue area” (Haas 1992, 3). If there are no splits and fundamental disagreements among experts, politicians and other actors have fewer choices in finding technically trained individuals willing to justify policy preferences distinct from those of experts.

These endogenous factors, though, provide us with an incomplete picture of the full determinants of technical autonomy. Political, social and economic interests at play in a policy sector are also crucial to explaining variation in technical autonomy. I propose that two other exogenous factors matter as well:

**The cost to the incumbent of bad policy performance** – The most serious threat to experts’ autonomy in Latin America is the interest the political incumbent has in controlling a policy sector where experts are appointed. Incumbents face costs and benefits in leaving policy making in experts’ hands. The costs of intruding in a policy sector are represented, mainly, by the negative political consequences of making bad policy decisions that affect the population and societal actors. In sectors administering public goods of great importance for the citizenry these costs are prohibitively high, especially if the negative consequences of these policy choices are evident in the short term, hurt a great number of citizens, and are clearly traceable to the incumbent. On the other hand, the benefits the incumbent gets from controlling a policy area are,

fundamentally, the patronage resources found in that policy sector. Politicians are much more likely to accept foregoing those goods if they can be held responsible for the consequences of non-technical policy making.

**Plural and balanced constellation of powerful stakeholders<sup>3</sup>** - Some policy areas affect the interests of a variety of powerful political, economic, and international actors. Other sectors, in contrast, attract the attention of only a few stakeholders with very uneven power capabilities. If there is only one prominent actor with interests in a policy sector, this actor has significant power to block technical policies that affect its interests. But if there is a stalemate among competing powerful stakeholders, this balanced constellation provides experts with more space to make their own choices. Powerful stakeholders veto control of the issue area by a competing stakeholder. These actors may have as their first preference direct control of a policy area; but when that is not a possibility stakeholders certainly prefer technocratic autonomy to policy control by a competing actor, especially when those competing actors are politicians. These stakeholders see in technocrats a reasonable “second best” option that provides an informal check against intrusion by other actors, especially the incumbent. Competing stakeholders not only counteract each others’ interests, they can also be used as allies to advance technical preferences on those occasions when experts’ interests coincide with those of one or more stakeholders. The passage of time reinforces experts’ stability by

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<sup>3</sup> As discussed more thoroughly in Chapter 3, I use the term “stakeholder” in a broader way than it is usually used in public policy theory, which generally reserves the term for citizens, interest groups, or civil society actors affected by policies adopted in a policy sector. Here, in contrast, stakeholders refer to political, international, and socioeconomic actors whose interests are affected by policy making. IFIs or even the political opposition will also be considered stakeholders for my theory.



making powerful actors interested in the continuity of technical policy making. Technocrats are perceived by these powerful actors as the guarantors that technical policy and predictable rules are maintained over time (North 1990; Pierson 2000; Levitsky and Murillo 2009).

These four factors predict in which policy areas and under what conditions experts can muster higher technical autonomy and maintain it over time and where technocrats are likely to remain weak and entrenchment highly unlikely. All things equal, experts achieve higher autonomy and are more likely to entrench this autonomy in policy areas dealing with complex technical issues, where there is strong consensus among experts, where the incumbent incurs high costs if there are bad policy outcomes, and where a constellation of stakeholders balance each other interests. Conversely, expertise remains more vulnerable to political intrusion in sectors with lower levels of technical complexity, weaker technical consensus among experts, lower political costs of intrusion, and the absence of a diverse set of powerful stakeholders with interests in this policy area.

These factors explain the political fate of the three groups of economic experts (Colombia 1958-2011; Peru 1980-1983; Peru 1990-2011) and the three groups of health experts (Colombia 1966-1970; Colombia 1993-2011; Peru 1990-2002) studied in this dissertation. The following table summarizes the different trajectories of these six episodes:

**Table 1: Episodes and Outcomes**

<b>Episodes</b>	<b>Economy: Colombia (1958- 2011)</b>	<b>Economy: Peru (1990- 2011)</b>	<b>Economy: Perú (1980- 1983)</b>	<b>Health: Colombia (1993- 2011)</b>	<b>Health: Colombia (1966- 1970)</b>	<b>Health: Peru (1990- 2002)</b>
Technical Complexity	High	High	High	Medium	Low	Medium
Consensual expertise	High	High	Low	Low	Low	Low
Cost of bad policy performance	High	High	Medium	Medium	Low	Low
Constellation of Stakeholders	Plural and balanced	Plural and balanced	Plural and unbalanced	Plural and unbalanced	Dominant actor.	Dominant but more balanced.
<b>Outcome</b>	High Autonomy	High Autonomy	Medium Autonomy	Medium Autonomy	Low Autonomy	Medium/ Low Autonomy

In two of my three episodes of economic policy making (Colombia 1958-2011 and Peru 1990-2011) all of these favorable conditions were present. Both these cases show high levels of technical autonomy and considerable continuity over time. Since the late fifties in Colombia, self reproducing groups of experts have been in charge of key aspects of economic policy. This technocratic elite has helped Colombia, which had been trapped in a spiral of drug trafficking and political violence, to maintain a record of stable, prudent and creative economic policy (Urrutia 1991; Thorp and Durand 1997; Botero 2005; Hershberg 2006). Peru, on the other hand, witnessed the emergence of economic experts during President Alberto Fujimori's government (1990-2000); these *técnicos* were in charge of implementing drastic market reforms to respond to the country's severe economic crisis (Wise 2003, ch.6; Cortázar 2006). Technocratic autonomy was maintained after the crisis receded and through the successive

governments of Valentín Paniagua (2000-2001), Alejandro Toledo (2001-2006), Alan García (2006-2011) and Ollanta Humala (2011-).

A third economic episode (Peru 1980-1983) provides intermediate findings. The lack of technical consensus, politicians' lack of awareness of the economic cost of keeping their patronage resources, and an unbalanced constellation of stakeholders are crucial to explain the fall of experts in this earlier episode of economic technocracy. Experts were appointed in the Ministry of Economics and Finance (MEF) in Peru in 1980 to carry out what for the time seemed broad and ambitious market reforms designed to address serious economic problems. These experts not only faced the opposition of leftist parties and workers' unions, but, more importantly, they faced criticism from business associations and the incumbent party that advocated alternative policy options. These alternative policies were proposed by economists with different perspectives than those of experts in MEF. Eventually, these business sectors and politicians succeeded in getting the President's support to fire the team of experts (Webb 1994; Conaghan and Malloy 1994).

My three episodes in health policy show a considerable degree of autonomy for a sector that was traditionally technically weak. But the unfavorable conditions found in health policy explain why in two of my three health cases (Colombia 1966-1970 and Peru 1991-2002) technical autonomy eventually declined, and in the third one (Colombia 1993-2011), although it remained at intermediate levels, it certainly continues to be more exposed to challenges than in economic areas.

In Colombia's first health episode experts played a heightened role in the government and built a strong Ministry of Health during the National Front (1958-1974), especially under the presidency of Carlos Lleras Restrepo (1966-1970). Nevertheless, this first episode shows how these experts failed to maintain control of the ministry after the end of the National Front, when the health system was captured by political parties and used to strengthen clientelistic linkages across the country. Similarly, in Peru the International Cooperation Office in the Ministry of Health concentrated high levels of expertise from 1993 to 2002. During these years experts adopted broad policy reforms both to reconstruct the health system after Peru's internal war against the Shining Path (1980-1994) and to transform health services. This higher autonomy is explained by medium scores in two of my factors. First, health policy became more complex through the emergence of health economics, a policy approach prevalent from the nineties onward. Second, the growing interest of IFIs in health reform created a more balanced constellation of stakeholders. Starting in 1999, however, experts' influence gradually weakened due to resource shortages and clashes with political interests, as well as a decline in IFIs' interest in health reform. These changes led to the demise of experts in 2002 after politicians with a very different ideological approach to health policy were appointed as Ministers of Health.

My second health policy episode in Colombia (1993-2011), in contrast, shows experts achieving continuity in a "least likely" case for technical autonomy. During an ambitious process of health reform that radically transformed the Colombian health

system, experts gained considerable leverage over other actors such as politicians or health workers' associations. The higher scores in three of my factors explain this intermediate outcome. First, health policy making became more technical and consensual than in the past due to the influence of the health economics approach. Second, by creating a single national health system that included both the formally employed and poor citizens, the cost of delivering bad policy outcomes increased for politicians. Third, due to the privatization of health provision, new stakeholders emerged in the health sector that balanced the power of the incumbent. The following chapters discuss more thoroughly this theory of technocratic autonomy and the episodes that substantiate it empirically

### ***THEORETICAL RELEVANCE: POWER, EXPERTISE AND DEMOCRACY***

The present study of the role and operation of technocrats in Latin America has important implications for comparative politics. First, by assessing the adequacy of competing theories that explain the role of experts I evaluate the power of social and political actors in the region. Instrumentalist theories explain the current relevance of experts by highlighting the preferences of one actor—politicians, IFIs or business interests—as more influential than others in politics, and especially in policy making. My own theory attributes more leverage to technical actors in certain state sectors.

My findings show important limitations of these instrumentalist theories for the analysis of policy making in the region. I show that experts are frequently able to trump the interests of influential political and economic actors. These results demonstrate the

importance of certain state actors for the analysis of politics and policy making in the region. At the same time, by analyzing different policy areas, the dissertation systematically explores the different factors that condition experts' autonomy across the state (Grindle and Thomas 1991, 5).

By studying the role of *técnicos* as policy makers I also call attention to the “output” side of politics, an often neglected topic in political science. This focus complements recent scholarly work on the region that focuses on the “input” side of politics. Studies of political parties, civil society or social movements in Latin America have been common in the last decades, but less attention is paid to political outcomes. The “output” side of politics deserves much more attention than it has attracted because this is where the effectiveness of the power of sociopolitical actors can be assessed (Carpenter 2001, 11; Weyland 2006, 11-14).

Second, by assessing the ability of technocrats to trump political preferences under democracy, I focus on one of the most disputed issues in political science and democratic theory: the power of non-elected technical experts in democratic societies. Diverse authors highlight that technical bureaucracies have the power to adopt their own preferences even against the will of their political superiors (Suleiman 1974; Carpenter 2001; Johnson 1995). The authority of experts in contemporary societies has captured the attention of a variety of social and political theorists (Bell 1976; Freidson 1984; Sarfatti 1984; Halliday 1987). Ideal-typical definitions of technocracy and democracy as political regimes are in direct opposition. A technocracy is defined as “the administrative and

political domination of a society by a state elite and allied institutions that seek to impose a single, exclusive policy paradigm based on the application of instrumentally rational techniques” (Centeno 1993, 314). A democracy, on the contrary, has as one of its main characteristics the giving of equal weight to citizens’ preferences, even if these preferences oppose “efficient” policy options. A technocracy, then, is an exaggerated version of the dreaded “bureaucratic state” that has haunted political theorists since the 19th century (Tocqueville 2000; Weber 1946; Bell 1976).

My work provides grounding to these theoretical debates by detailing the conditions that make technical knowledge a particularly effective political resource against democratically elected politicians. Looking closely at the interaction of technocrats with other political and economic actors allows me to specify the mechanisms that make expertise an effective source of political influence in democratic societies. By analyzing the works of technocrats in two developing democracies this project throws some light on the degree and nature of the power of technocrats in democratic societies. Recent events in Europe, where economic crises have led to the appointment of experts in top decision making positions, show the contemporary relevance of this topic.

My work also has implications for the debates about the quality of democracy in Latin America. The emergence of technocratic influence is often perceived as a trend that is dangerous to the quality of democracy in the region (Centeno 1993; Conaghan and Malloy 1994; Centeno and Silva 1998). Politicians may campaign on reformist platforms,

but once they reach office they have their hands tied to a limited set of policy options defined by experts. Therefore, public policy is no longer a matter of electoral choice, but decided by the preferences of technical elites or the powerful actors they allegedly represent. If technocrats are so insulated as to be unaccountable to democratically elected politicians, core aspects of democratic government are certainly called into question.

A different interpretation is also possible, however. By restraining the control patronage-oriented politicians exercise over state resources and public policy, technocrats may be exercising a salutary effect on Latin American democracies. Experts' power to restrain short-sighted politicians may resemble the positive influence exercised by professional bureaucracies over politicians in developed democracies (Williams 2006; Santiso and Whitehead 2006). As highlighted by Weber, bureaucrats act as a positive counterweight to politicians' short-term electoral interests (Weber 1946). Similarly, if technocrats have the power to oppose elected politicians and implement policy focused on the long-term interests of citizens, they may be making democracy more responsive to society. Are technocrats an unhealthy hallmark of third-wave Latin American democracies? Or have they contributed to the survival of democracy for three decades by making these regimes more stable and attuned to citizens' needs?

## ***RESEARCH DESIGN***

To assess the autonomy of technocrats in Latin America I test the observable implications of instrumentalist theories as compared to my own theory by examining economic and health agencies of the executive branch in Colombia from 1958 to 2010



and in Peru from 1980 to 2010. Despite some shared background conditions, Peru and Colombia are rather different cases within the region as regards several factors that could, in principle, have an impact on the emergence, strength, and autonomy of a "technocracy." For instance, *técnicos* arose in these countries in different time periods, during a much deeper economic crisis in Peru than in Colombia, and under very different political conditions. If similar findings apply across such relatively different settings, we can assume that they apply in Latin America more broadly.

The understudied case of the Colombian economic technocracy is well suited for this assessment. Colombian technocrats emerged in the late fifties when no severe hyperinflation crisis or dominant policy paradigm, such as neo-liberalism, reigned over the region. To explain the emergence of this technocracy, then, we cannot invoke conjunctural causes such as deep crises or neo-liberal hegemony.

My focus is on executive agencies in which experts, in formal terms, remain dependent on politicians to keep their positions. The reason I have not included formally insulated institutions where expertise is also found, such as central banks or regulatory agencies, is that it would be difficult to determine how much these formal institutional protections account for experts' autonomy. In this respect, I am focusing on "least likely cases" for gaining autonomy. If technocrats are autonomous even in executive ministries where they lack formal protections it is safe to assume that they are more likely to gain autonomy in institutions dealing with similar policy issues that enjoy institutional protections.

This dissertation addresses two common problems in previous studies of technocrats in Latin America. First, most analyses employ a “static approach” (Centeno 1993, 316).<sup>4</sup> These investigations resemble a snapshot—an image—of a given moment that does not document variation in technocratic autonomy over time. Their conclusions, then, may only apply to that precise moment. A “political agents” perspective, for example, can dismiss instances of temporary technical autonomy under crisis conditions as brief exceptions to “politics as usual.” Consequently, some continuity across time is important to conducting a proper assessment of the competing instrumentalist theories and my own theory.

Second, by comparing two policy sectors, economy and health, this research also differs from previous studies of technocrats in the region. Scholars have focused almost exclusively on economic experts (Silva 1991; Conaghan and Malloy 1994; Centeno 1994; Centeno and Silva 1998; Conaghan 1998; Santiso and Whitehead 2006). This exclusive focus seems inadequate if we want to provide a more general picture of experts’ roles in contemporary Latin America. As discussed, there are particular social and economic conditions surrounding economic policy that make economic state institutions “more likely” cases for technocratic autonomy. The contrast with health policy allows me to precisely highlight these differences. Health is a policy sphere in which technical expertise should also be a crucial criterion for appointment. Health officials are expected to have specialized knowledge in public health to face existing and forthcoming

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<sup>4</sup> An exception is Silva 2008.

challenges, and to guarantee an efficient allocation of resources. Comparing policy areas within the state allows for an exploration of the causes that explain the variation in technocratic autonomy across these areas (Skocpol 1985, 17-18; Migdal et al 1994, 2-4;).

Finally, this research draws on three sources of information. First, I conducted interviews with *técnicos*, politicians, IFIs' officials, business leaders, and civil society actors. A total of 125 individuals were interviewed: 89 in Peru and 36 in Colombia. These interviewees included 23 individuals with current or past ministerial-level positions, such as ministers of finance or health (three were appointed ministers after being interviewed). Second, I reviewed official policy documents and press archives regarding relevant events involving experts and the other sociopolitical actors in both countries. Policy projects, political statements, and press declarations helped to document the preferences of the diverse actors. Third, I collected biographical information on cabinet-level economic officials from official archives and other sources in order to document experts' career paths. Although this information was incomplete in some cases, the biographies collected show clear trends which allow for valid generalizations.

A comparative historical analysis of the work of experts in two policy sectors fills an important gap in the study of Latin American politics. It has been observed that "given their importance, it is surprising how little has been written in Latin America about experts and their political roles" and also that "... no systemic and explicitly comparative analysis of these actors has been done" (Centeno and Silva 1998, 1-2). This lack of comparative analysis and the exclusive focus on economic policy have led different

authors of case studies to draw inaccurate conclusions regarding technocrats in the region. Through a comparative historical investigation of Colombia and Peru across two policy spheres I assess the soundness of those conclusions and propose new, more robust findings and arguments.

### ***DEFINITIONS: TECHNOCRATS AND DEMOCRACY***

“Who is a technocrat?” has been a disputed question for a long time in comparative politics, as different easily discernible criteria (level of education, area of expertise, high position in the state, lack of political ties, etc.) are inadequate for categorizing this kind of actor (Grindle 1977; Centeno 1993). There is broad agreement among academics, however, that what distinguishes experts from other actors such as politicians or bureaucrats is their higher level of expertise (Centeno and Silva 1998, 2). More specifically, this expertise refers to the applied sciences, such as economics, engineering, agronomy, or health policy (Putnam 1977, 384).

David Collier’s classic definition of technocrats captures this distinctive characteristic: “Individuals with a high level of specialized academic training which serves as a principal criterion on the basis of which they are selected to occupy key decision-making or advisory roles in large, complex organizations—both public and private” (Collier 1979, 403).<sup>5</sup> This criterion of expertise not only distinguishes experts from politicians and bureaucrats, but also adequately includes as experts lower-ranking

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<sup>5</sup>Similarly, other definitions highlight expertise as the main criterion of selection: “personnel who use their claim to knowledge (as opposed to representation or authoritarian control) to affirm their right to rule” (Centeno and Silva 1998, 2) or “highly educated, professionally trained policy makers” (Williams 2006, 119).

officials with high technical skills (e.g., advisors and consultants). Diverging from Collier, however, this project only refers to individuals that occupy public decision making or advisory positions and not to individuals in the private sector. Out of the 129 individuals interviewed in both countries, 72 shared these characteristics.

As regards the political regime type in which contemporary technocrats operate, I adopt a procedural concept of democracy. Following studies on democratic transitions, such a definition has the advantage of not including as necessary characteristics criteria relating to the “quality of democracy” (e.g., high electoral participation, effective socioeconomic rights, etc.). However, the definition has to be broad enough to include the effective respect for political rights, thus guaranteeing that fair competition for power exists in the country. Democracy, then, is defined as “a set of institutions that, in the context of guarantees of political freedoms, permits the entire adult population to choose their leading decision-makers in competitive, honest, regularly scheduled elections and to advance their interests and ideas through peaceful individual or collective action” (Weyland 1996, 8).

According to this definition, the democratic periods in both countries are significantly larger than the authoritarian moments in the time frame under study. Such long stretches of democracy allow for a proper assessment of experts’ role in democratic times. However, both countries’ recent histories include episodes of either restricted democracy or, in the case of Peru, authoritarian government, which also allow for an exploration of technical power under different regimes. Colombia’s National Front

political pact restricted electoral competition for sixteen years between 1958 and 1974. The two traditional parties agreed upon one politician of each party to run alternatively as the Front's presidential candidate while all other elected positions were shared equally. However, third parties were allowed to compete against the Front's candidate if they ran adopting the name of one of the two parties. An opposition presidential candidate could register himself as "Liberal" or "Conservative," and run for president even if he had no real attachments to these parties. The National Front period falls slightly below our procedural definition of democracy due to its limited contestation, but nonetheless remains quite competitive, especially when compared to other Latin American countries during those years (Wilde 1978). Peru, on the other hand, was democratic from 1980 to April 1992, when Fujimori's coup suspended democracy until new elections were carried out in November of that same year. Later in the decade (1997-2000) the regime restricted some liberties in order to attain reelection (Levitsky and Way 2010). Since Fujimori's demise due to a corruption scandal in 2000, democracy in Peru has remained competitive.

### ***ORGANIZATION OF THE DISSERTATION***

The dissertation will proceed as follows. Chapter two discusses the limits of the three instrumentalist perspectives. Chapter three proposes a theory of technocratic autonomy that explains the source of experts' autonomy and why it varies in strength from policy sector to policy sector. Chapter four analyzes the emergence and entrenchment of economic technocrats in Colombia from 1958 to 2011. Chapter five discusses the operation of economic technocrats in Peru since 1980. The early eighties

show technocrats' failure to achieve continuity in the Ministry of Economics and Finance (1980-1983) due to the opposition of political and business sectors. In 1990 technical expertise was enhanced in economic policy and has entrenched itself since then.

Chapter six focuses on two periods of health expertise in Colombia: the health reforms under the National Front, especially under President Carlos Lleras from 1966 to 1970, and the ambitious process of health reform during the nineties. Chapter seven analyzes the work of health experts in Peru from 1990 to 2002. Chapter eight concludes by presenting some broader implications of my findings.

## **CHAPTER II:**

### **TECHNOCRATS IN LATIN AMERICA: ASSESSING ESTABLISHED PERSPECTIVES**

Four perspectives—three instrumentalist theories and my “technocratic autonomy” theory—provide alternative explanations for the heightened role of technocrats in contemporary Latin America. These theories each offer a very different answer to the main question of my research: how can highly-qualified officials who lack tenure or institutional protections be influential political actors in Latin America? The instrumentalist theories depict technocrats as instruments of their political superiors, IFIs, or business interests and therefore find the source of experts’ influence in other actors: experts are the formal or informal agents of powerful principals. By contrast, my perspective highlights experts’ autonomy.

Although these theories offer competing explanations, they have in common a rejection of a functional perspective that explains the greater importance of technocrats as an almost natural response to the complexities of state management caused by modernization and globalization (Williams 2006, 119). From a functional perspective, experts became relevant actors in the region simply due to the need of Latin American states to respond to the challenges of a competitive global environment; the gradual rise in educational levels allowed for this need to be fulfilled.



A functional perspective certainly helps to explain the need for expertise in the region, because countries that must deal with global integration and complex policy issues have a big incentive to increase their expertise. And, clearly, expert management will not be feasible if states lack educated professional cadres from which they can recruit this expertise. However, if this functional perspective were correct we would expect to see experts having approximately equal importance and influence in countries that command similar technological and human resources and that face comparable external pressures. What we find in Latin America are different levels of technical expertise across countries and within countries over time and issue areas. The increasingly complex policy environment may create a need for more technical policy guidance, but a proper functional response cannot be taken for granted; how different countries respond to this need is still a political question that has to be explored (Schneider 1998, 79). The four competing theories therefore all reject this functional perspective and instead use sociopolitical factors to explain the varying influence gained by technocrats in the region.

In this chapter I present the three instrumental perspectives and discuss their limitations in capturing the role played by *técnicos* in the region. I argue that the main problem of these theories is that they greatly overestimate the leverage of one powerful actor over experts. In showing the limitations of these theories I provide evidence of experts' autonomy from their alleged principals. In the next chapter I develop my own theory of technocratic autonomy.

## ***POLITICAL AGENTS***

Electoral incentives theories claim that experts derive their power from politicians. Such a political agents perspective assumes that politicians want to keep a firm grip over state resources, which are valuable for advancing their electoral interests. However, this perspective predicts that under certain conditions politicians restrain their control over patronage and delegate to experts the power to conduct policy making (Geddes 1990, 218). The insulation provided by politicians gives technocrats considerable protection from other socioeconomic actors and allows them to adopt technical policies. How can a theory based on instrumental political interests explain the “enlightened” choice to delegate power to technical experts?

Politicians are aware that seeking excessively short-sighted and narrow interests can produce inefficient outcomes that ultimately harm their longer-term electoral interests. Thus, on some occasions, politicians choose to “tie themselves to the mast” to guard against their own irresponsible short-term behavior and thus maximize their political pay-offs in the medium term. Delegating authority to *técnicos* is one way in which politicians can check their dangerous short-term tendencies, even if that means restricting their use of patronage resources. For example, politicians may sometimes advance their political interests through broad reforms that require specialized knowledge; therefore they appoint experts to carry these reforms out. Similarly, some types of crises that threaten their electoral chances (e.g., hyperinflation) should lead politicians to bolster technical management.

Nonetheless, the key assumption of this perspective is that no matter how much power is delegated to experts, politicians remain the principals in this relationship. The power of appointment and dismissal gives politicians considerable influence, and ultimately control, over experts. This political control precludes experts from gaining autonomy: technocrats may temporarily enjoy considerable latitude of action, but their fate always remains dependent on political discretion.

Barbara Geddes, for example, argues that when the benefits of patronage are outweighed by the benefits politicians can gain from policy reforms, they create technocratic “pockets of efficiency” to enact these reforms (Geddes 1990; 1994). Given the high political benefits of patronage in Latin America, Geddes expects the choice to insulate experts to remain rare; and when it does happen, it is most likely to be short lived. When the crisis that triggered reforms has been resolved and the policies promoted by experts are no longer necessary for the electoral prospects of the incumbent, or when new incumbents with different preferences reach power, technocrats will be removed and technical areas will again succumb to patronage-oriented politicians (Geddes 1990, 231-232).

Not all “political agents” theories use such a restricted understanding of political interest as Geddes’ theory does. By attributing such a crucial role to patronage Geddes underestimates the likelihood of technocratic appointment even within a “political agents” perspective. Other theories suggest that if under certain conditions the provision of some collective good is more important for electoral success than patronage, the

probability of technical recruitment increases. This is Beatriz Magaloni's argument for explaining the appointment of neo-liberal technocrats in Mexico during the eighties (Magaloni 2006, ch. 3). Magaloni argues that politicians' public commitment to drastically reduce patronage can be a crucial electoral asset in the context of a severe economic crisis. In the eighties in the midst of a crisis, Mexican voters could no longer be tricked with patronage expenditures because they had learned that irresponsible economic policy was in the long run bad for their interests. Therefore, PRI politicians appointed neo-liberal technocrats to signal to voters their commitment to responsible economic policy. Just as technocrats in the fifties and sixties achieved higher levels of expenditure for their PRI bosses, neo-liberal technocrats served these bosses by reducing inflation and lowering the public deficit. Magaloni predicts that the end of the crisis should lead to the demise of these allegedly powerful neo-liberal *técnicos*.

Similarly, Ben Ross Schneider explains technocrats' emergence in Latin America after the debt crisis by pointing to politicians' urgent need to attract external investment to their countries. Fearful of the effects of economic turmoil for their electoral interests, politicians appointed orthodox economic experts in order to "signal" their commitment to protect foreign investments (Schneider 1998). As in the previous cases, though, Schneider argues that experts remain dependent on politicians' preferences as they lack "independent, enduring sources of power" (Schneider 1998, 90). If economic conditions change and/or external funds become less important for politicians, technocrats will lose

their positions and politicians will re-take control over technical areas: “the term technocracy is a misnomer” (Schneider 1998, 90).

These delegation arguments derived from a political agents perspective make it difficult to assess experts’ effective degree of autonomy. Two implications of a political agents theory are crucial to making this assessment. For this theory technocrats are not expected to (1) trump key political preferences, especially electoral interests, or (2) remain highly influential over long periods of time. If experts’ independence is only ceded by politicians under duress, *técnicos* should not be able to override key political interests. No matter how much power politicians are willing to delegate, an electoral incentive theory presupposes that there are certain interests that should override technical considerations. Similarly, this theory does not expect significant technical influence to be long lived. When the policies preferred by *técnicos* are no longer popular or necessary, especially with the end of crises, this perspective predicts that technocrats will need to shift their policy preferences to align with those of their political patrons; otherwise they will be dismissed.

My research shows that political agents perspectives fail to capture the role that experts play in the region. Above all, this theory seriously underestimates the power of technocrats *vis-a-vis* political actors. Technocrats’ expertise grants them a level of autonomy that cannot merely be reduced to political delegation. The cases show experts acting as agenda setters, advancing reforms that frequently affect key political interests of their formal political superiors. In addition, against the most basic assumption of electoral

incentive theories, I document how politicians do not always maintain effective control over policy making, giving *técnicos* considerable influence in crafting and implementing policies.

As discussed in chapters four and five, economic experts in Colombia and Peru effectively restrained political interests. After their emergence due to a critical event (economic crisis in the late eighties in the case of Peru, and political violence and balance-of-budget crises in the fifties and sixties in Colombia), experts entrenched themselves in economic institutions. Well-trained appointees in the Ministry of Finance (MF) and the National Planning Department (NPD) in Colombia, and in the Ministry of Economics and Finance (MEF) in Peru have acted as effective checks on politicians by controlling the budget and restraining the public deficit. The cases show experts taking an active part in parliamentary politics, frequently opposing laws approved by Congress because they run counter to experts' policy preferences. This control is also exercised towards members of the executive branch (e.g., the President or ministers), showing that experts are not mere agents of their appointing superiors.

Economic experts' influence vis-a-vis politicians not only allows them to resist political pressures, but also to advance their own policy preferences. In both countries I document that experts achieved reforms that affected electoral interests or restrained political prerogatives. The adoption of procedures designed to control expenditures and resource distribution were common in Colombia and Peru. Contrary to a

political agents perspective, then, economic experts have had considerable leverage over politicians.

In both cases, this ability to resist political pressures and advance policy preferences remains high over time. Some variation is found, especially when facing personalistic presidents, but overall experts' independence from politicians has remained fairly stable. Experts' control over public spending, for example, was maintained during good economic times, when politicians eagerly demanded more resources for their constituencies. Such conflict over a key political interest—namely, patronage resources—under positive economic conditions contradicts a political agents perspective. Technocratic influence over economic policy, then, cannot be described as an episodic phenomenon.

This autonomy is not only found in my economic cases, which are “more likely cases” for technical autonomy. Chapters six and seven document experts achieving considerable control over health policy and advancing reforms that clashed with political interests. In both countries we find episodes in which experts designed policies that reduced political intrusion in the health system. Even if this autonomy remained more vulnerable, it certainly exceeded the expectations of a political agents perspective. In fact, the experience of the recent Colombian health reform (1991-2008) shows that technical autonomy can achieve considerable continuity in the health sector. Other authors have also highlighted health experts' relevance in pushing forward reforms in Latin America even in the absence of political involvement (Nelson 2004, 31-32; Ewig 2010).

My findings also point to a second crucial limitation of electoral incentives' theories. I document how several reforms that were implemented in Latin American states were not closely monitored by politicians. Rather than seeking to enhance their electoral interests through public policy, as expected by a political agents' theory, politicians remained ignorant of technical procedures and the complex reforms taking place. Although these reforms frequently affected their interests, politicians were unaware of the full implications of these changes. The cases, then, show how experts' higher knowledge allowed them to escape the control of politicians, their alleged principals.

This lack of awareness is very clear in my economic cases, due to the complex information involved in economic policy decisions, but it is also quite evident in health policy. Peru's health reforms in the nineties, for example, were enacted with very little political involvement; experts played the leading roles in a reform in which there was a limited participation of politicians and even of some of the ministers of health (Arroyo 1999, 549-551; Ewig 2010, 98; Ugarte and Monje, 576). Most of these changes were approved through ministerial or presidential decrees and the policies were rarely discussed outside of the technical team and the consultants hired to design them (Ewig 2000, 490-493). Similarly, *técnicos* from the National Planning Department colonized the Colombian Ministry of Health in 1993 to advance broad reforms the magnitude of which were not fully understood by politicians.



Even if it fails to capture experts' role in Latin America, the political agents perspective carries some truth when explaining the initial appointment of technocrats to the state. As discussed later, the mechanism of technical appointment uncovered by this perspective is useful for my own theory. In several of my episodes experts reached the state due to political decisions prompted by the urge to solve sensitive issues and the need for specialized technical knowledge that politicians lack. Politicians frequently turned to technocrats in the midst of a crisis or under pressure from external actors (e.g., when politicians had to adopt stabilization plans, achieve the millennium development goals or win conditional loans). Viable alternatives were not available, as parties and bureaucracies lacked the necessary expertise, and the costs of doing nothing were too high.

Concluding, a theoretical perspective based on short and medium-term electoral interests cannot explain the political autonomy of economic and health experts. Experts do not unilaterally depend on politicians, but instead command considerable autonomy and influence; and in some cases autonomy and influence remain high across time. Furthermore, electoral incentives theories overestimate politicians' control over the design and adoption of public policy as well as their ability and willingness to monitor experts. Thus, while a "political agents" perspective helps to account for the initial political decision to cede power to technocrats, a serious failure of the theory is that it does not recognize the high degree of technical autonomy experts achieve; it also fails to explain the stability of this autonomy over time. As I discuss in my theory, political costs

and electoral incentives help explain technocratic continuity, but they are just one part of the story. Technocrats, then, are more autonomous from political actors than recognized by this theory. If technocrats' power is not derived from politicians, have experts gained leverage by becoming the agents of powerful foreign or domestic economic actors?

### ***AGENTS OF INTERNATIONAL FINANCIAL INSTITUTIONS***

An “external agents” perspective argues that technocrats gain independence from politicians only by becoming the informal agents of external structural forces, represented by International Financial Institutions (IFIs) (Stallings 1992; Kahler 1992). From this “external structural” perspective, IFIs such as the World Bank (WB) or the International Monetary Fund (IMF), exercise pressure over politicians to insulate technocrats from political and economic control (Stallings 1992; Kahler 1992; Van Dijk 1998). Technocrats are the domestic representatives of these external hegemonic forces; they are powerful as long as they follow IFIs' preferred policies.

This external perspective has its roots in the “dependency” theory developed in the sixties. This theory questioned the concept of state sovereignty by arguing that seemingly independent developing states were in reality strongly subordinated to the interests of developed capitalist countries. Dependency theorists attributed developing states' economic backwardness to their dependence on global capitalism. There was less agreement among these authors about the mechanisms by which this external control was effectively exercised (Cardoso and Faletto 1979; Leys 1996,11-19).

An “external agents” perspective attributes to IFIs the power to shape domestic politics (Kahler 1992; Stallings 1992). IFIs have different ways of molding internal policy. One way is to employ “linkages,” defined as indirect modes of intervention and support. Linkages between IFIs and states, for example, include the promotion of policies and the training of local officials. IFIs can exercise their influence by recommending that states adopt policies that have either been viewed as successful in other countries or regions (e.g., cash transfers as a means to alleviate extreme poverty) or which are regarded as necessary to face current and future threats (e.g. programs of epidemic control). These linkages have a long history in Latin America. Economic missions of foreign experts promoting broad institutional reforms have been common in the region (Drake 1989; Sandilands 1990; Cepeda Ulloa and Mitchell 1980, 238-241). Local experts receive frequent invitations to attend courses and conferences organized by IFIs, especially the World Bank and the Inter-American Development Bank. In these workshops and conferences IFI policy recommendations and handbooks are publicized to local experts (Weyland 2006). These linkages include the frequent recruitment of domestic experts to serve as IFI cadres.

In a globalized economy, however, a stronger mechanism to influence domestic policies arises from the need to obtain approval by IFIs in order for states to access new international credits and loans, which are especially important in times of economic meltdown. The need for fresh credits to fulfill international and internal obligations leads states to sign conditionality agreements that include broad policy reforms. Stallings

defines this kind of direct intervention by IFIs as “leverage” to distinguish it from linkages (Stallings, 1992, 52-58). States are “forced” to reform in accordance with IFI priorities in order to assure their economic survival.

According to this external structural approach, local technocrats guarantee states’ compliance with IFIs’ policy recipes. IFIs exercise their leverage and condition external loans on the appointment of experts sharing their policy preferences. None of these theories goes as far as asserting that particular experts are directly chosen by IFIs. But the implication is that only experts that follow IFI policy agendas are acceptable to these institutions. IFIs control may not be direct, but their immense power over the state trumps other available technical choices. IFIs will even come to the defense of these technocrats if political or business actors threaten their operation. In this way, IFIs guarantee that those in charge of implementing their development recipes remain aligned with their interests.

Are *técnicos* the informal agents of IFIs? This theory also falls short of capturing the role of experts in the region. I reject this theory for two reasons. First, the relationship of subordination postulated by this theory does not exist. IFIs do exert pressure over developing states in a way that sometimes results in politicians appointing experts partly as a response to this pressure. But, once appointed, experts parallel IFIs’ expertise at the local level and are not subordinate to the IFIs. Second, the theory cannot explain the maintenance of technical autonomy over time.

My research shows that experts are better described as equals to IFIs rather than their subordinates or as always submissive to IFI interests. *Técnicos* and IFIs have serious disagreements concerning the best policy options and quite frequently IMF or World Bank suggestions are rejected in favor of experts' preferred policy options. Even under conditions of economic distress, when IFI power is enhanced, local experts can choose different policies than those demanded by these institutions.

The difficult relationship between economic technocrats and IFIs has a long history in Colombia. In fact, one cause for the emergence of the Colombian economic technocracy was the need to balance the expertise of IFIs during hard international negotiations. Rather than IFIs lobbying to increase state expertise, as expected by this perspective, states upgraded their expertise in response to IFIs' superior technical knowledge. As mentioned by one of the first members of the Colombian technocracy: "To change this correlation of forces it was necessary to increase our national capacity of analysis, give more knowledge to the technical cadres of the state, and strengthen the fundamental aspects of the country's macroeconomic management" (Botero 2005, 21).

In Peru we find similar evidence that experts do not act as subordinates of IFIs. Members of the economic team recruited by Fujimori claim that they autonomously believed that market reforms were the best solution for the economic crisis, thus denying that these reforms were imposed on them by IFIs. Evidence of this commitment is that experts pushed for more drastic reforms than those proposed by IFIs (Weyland 2002).

Economic crises may enhance IFI leverage, but the decision to recruit experts and the options these experts choose in response to the crises are not the product of IFI control.

The health episodes also demonstrate that local experts choose their own policies frequently in direct opposition to IFI prescriptions. The interest of IFIs in social sector reform in the nineties helped put pressure on politicians to appoint experts in these issue areas, but it did not translate into close control over health experts. As discussed thoroughly in chapters six and seven, IFIs' interest in social policy helped to trigger internal processes of health reform, but local cadres had considerable authority to design and conduct these reforms (Kaufman and Nelson 2004; Nelson 2004, 31-33; Ewig 2004; 2010; Weyland 2006).

The Colombian health reform, for example, was a unique model that followed the general outline of the health economics approach promoted by IFIs such as the World Bank during those years (World Bank 1993), but it diverged significantly from the privatization models sponsored by IFIs. Similarly, Peruvian health experts successfully resisted pressures from economic experts in the MEF who demanded the adoption of health reforms in line with the Chilean health reform model and with World Bank sponsored reforms. Peruvian experts' policy preferences also promoted reforms recommended by the World Health Organization (WHO), the Pan American Health Organization (PAHO) and the United Nations Population Fund (UNFP), institutions that lack the kind of leverage over countries attributed to IFIs.

Moreover, even the adoption of IFI-sponsored policies is not necessarily evidence of subordination to external forces, but may reflect a more complex relationship that also adds to the evidence against a political agents' perspective. As reported by two experts in Peru, domestic economic technocrats asked IFI representatives to include a pension reform as part of their conditionality agreements to overcome President Fujimori's resistance to this reform (interviews with Du Bois 2007 and Ugarte 2006). This example shows how local experts can use IFIs to "enhance their bargaining leverage with domestic opponents or hesitant political leaders" (Weyland 2005, 272). In a similar way, IFIs' demand that technocratic appointments fulfill some specialized education requirements is less a mechanism of IFI control than a convenient rule that allows local experts to protect their autonomy from politicians. IFIs merely establish some general requisites that local experts use as a safeguard against politicians.

A second limitation of an external agents theory is that it cannot explain experts' ability to maintain their autonomy over time. My research shows how economic experts keep their power even during good economic times, when the leverage of IFIs over developing countries is drastically reduced. IFI leverage diminishes considerably in periods of economic stability, leading countries to disregard many policy prescriptions of these institutions. Nonetheless, in both countries technical influence has remained fairly constant across time. Similarly, health experts in Colombia remained relevant after IFIs reduced their interest in social policy reform, such as health policy.

An external agents perspective, then, does not capture the role of experts in Latin America. Nevertheless, as discussed in the following chapter, some of the insights of this theory are very useful for my own theory. IFIs are an important factor in explaining the initial appointment of experts and the variation of technical autonomy across policy areas. My research shows how IFIs increase politicians' need to appoint experts by putting pressure on developing states. The initiation of technical appointments in economic agencies in Colombia and Peru coincides with economic crises during which IFIs strongly lobbied both countries. Similarly, the appointment of experts in the health sectors of both countries in the nineties followed a shift in IFIs' proposals toward health sector reforms (Nelson 1999; Kaufman and Nelson 2004). And the interest of these powerful stakeholders in these policy areas contributes to the enhancement of technical autonomy and its consolidation over time.

In conclusion, a structural theory that depicts experts as the informal agents of IFIs cannot account for the autonomy of technical cadres in Colombia and Peru. First, the relationship of subordination stressed by this perspective does not exist. More broadly, the theory greatly exaggerates the leverage of IFIs over middle-income countries, such as Colombia, Peru, and most Latin American states. As mentioned, IFI leverage over developing countries can help to trigger the political decision to appoint experts in the state and enhance their autonomy, but experts are clearly not IFI agents. If experts' power is not derived from IFIs, does it emerge from business interests?



## ***AGENTS OF BUSINESS***

A “business agents” perspective argues that domestic business interests, or foreign business interests operating locally, are the source of technocratic influence in Latin American democracies. Economic structuralists who focus on domestic power structures claim that technocrats gained autonomy from politicians through the support of business elites. As long as experts act according to business interests, they receive informal yet strong protection from political intrusion. By exercising their power over politicians and state officials, business groups achieve control of policy areas related to their interests.

From this perspective technocrats are the tools chosen by economic elites to control public policy (Estrada 2005; Durand 2006; Schamis 1999). The source of allegedly “technical” and “objective” policies can be traced to dominant business associations and business leaders. This control over state actors becomes especially crucial for business interests in democratic times because the resources used in the authoritarian past to protect elite interests from electoral politics are drastically limited. A common criticism of neo-liberal technocrats in Latin America is precisely that experts are recruited from and collude with business elites who benefit from market reforms, the alleged new dominant economic interests in the region (Ahumada 1998; Estrada 2004; Durand 2006; Schamis 1999).

A business agents perspective has two versions: a strong structural version and a weak structural one. Strong structural perspectives find in economic forces, especially business interests, the driving force behind politics in general, leaving little if any space for technical autonomy. Examples of this perspective are presented by Schamis (1999)

and Estrada (2004; 2005). Schamis argues that in Pinochet's Chile business sectors anticipated significant gains from market reforms and therefore lobbied politicians and technocrats to enact these reforms. Thus, the force behind "insulated" state experts did not come from experts themselves but from powerful business coalitions (Schamis 1999, 237-238).<sup>1</sup>

Similarly, Estrada claims that the Colombian technocracy represents powerful economic interests (Estrada 2005). Where others see a professional technocracy with autonomous preferences, Estrada claims that these individuals advance the interests of economic elites. Evidence of this dependence is that the emergence of new dominant business coalitions preceded the shift in technocrats' policy preferences. Interestingly, Estrada's strong structural approach has space for some, albeit limited and merely relative, autonomy for *técnicos*. *A la* Marx in his *18<sup>th</sup> Brumaire*, Estrada argues that during the seventies different sets of private interests in Colombia "balanced" each other out, giving experts enough leverage to act "independently." However, such an opening is expected to be short-lived as one business sector will sooner or later gain dominance over the economy. In the Colombian case, Estrada claims, this period ended when financial and commercial interests became dominant in the eighties (Estrada 2005, 275).

Authors advancing a weak structural perspective do not share the assumption that state preferences always mirror structural forces. Less deterministic than strong structural perspectives, these academics argue that state actors can have considerable leverage over

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<sup>1</sup> Even if less deterministic than Schamis, Eduardo Silva also depicts distributional coalitions of business sectors as an important cause of technocrats' power in Pinochet's Chile (Silva 1993).

business interests. Nonetheless, these authors argue that neo-liberal technocrats in contemporary Latin America are subordinated to the interests of business groups that benefited from market reforms. Market reforms weakened the regulatory powers of the Latin American state and favored certain economic activities over others. As a result, the winners of market reforms now have the ability to impose their policy preferences on the weakened state actors. Arce, for example, argues that Peru's market reforms were conducted by a group of experts with autonomy from societal interests, but shortly after reform adoption the winners from these reforms gained strong leverage over economic policy agencies (Arce 2006). Similarly, Durand (2005) attributes to the winners of market reforms the power to control economic policy in Peru.

These perspectives tend to highlight experts' proximity to business as a criterion from which to infer technical dependence on business in Latin America. My research confirms that there is a good deal of contact and interchange between *técnicos* and business sectors, especially regarding economic technocrats' career paths, which almost always include working experiences in the private sector. Economic policy making in Colombia, for example, has traditionally included consultations with business associations, especially the National Association of Coffee Growers (ANC) and the industrialist association (ANDI) (Schneider 2004, 128-150; Juárez 1993a; 1993b). Similarly, CONFIEP, Peru's encompassing business peak association, maintains a close relationship with MEF. Experts often hail from the private sector, and it is common for them to leave their positions in the state for an executive job in business or to chair

business associations. In 2008, for instance, three influential Colombian business associations were chaired by ex-Ministers of Finance or NPD Directors. In Peru this permeability is also common: out of ten economic experts I interviewed in 2007 who had recently left high-ranking state positions, eight were working for the private sector. Also, two of Fujimori's ministers of economics were past presidents of business associations.

This perspective, both in its strong and weak versions, however fails to capture experts' role in Latin American democracies. Even if business actors are powerful in the region, especially where traditional countervailing forces (labor and leftist parties) have lost their power, this approach exaggerates the control of business interests over experts. I discard this theory for two reasons. First, even if a close relationship between economic experts and business exists, the decision-making of experts does not betray a relationship of dependence on private interests as postulated by this theory. Second, the health cases show that powerful experts can also emerge in policy sectors not dealing directly with business interests, though in these other sectors their positions of influence remain more vulnerable than in economic policy areas. Thus, these results undermine claims that derive experts' power from private interests.

First, the alleged subordination of economic experts to business interests is not confirmed by my research. Proximity between business and experts is not sufficient evidence of technical subordination. Comparative studies of bureaucratic independence in developed countries consider careers in business as evidence of dependence on private interests (Schneider 1993). In developed countries such an assumption seems adequate, as

the state, think tanks and academia can provide similar working conditions as private enterprises. In Latin America and other developing countries, however, this standard is inadequate by itself to prove technical subordination to private interests. Latin American states frequently seek in the private sector the capabilities their bureaucracy lacks. Experts, on the other hand, do not find an underpaid bureaucratic or academic career attractive, and see in business a necessary source of employment after they leave the state. In assessing experts' autonomy, the focus should not be just on their career paths, but especially on the role played by experts while in office. What is found in both countries is precisely that past career experience and even future career expectations do not determine economic officials' actions.

Economic technocrats' decision making indeed shows that they enjoy considerable independence from business interests. Experts have broad powers to conduct policy reforms in ways that affect seemingly dominant business interests. Moreover, experts' policies frequently cause abrupt shifts in business activities and privilege some economic interests over others with enormous consequences for the economic structure of the country. Experts' decisions cause some business sectors, even dominant ones, to lose, while enabling new sectors to emerge. These disagreements are usually based on experts' long-term goals to solve economic problems facing the country, which often clash with more particular and short-term business and political interests (Malloy 1992, 146-147).

Economic technocrats in both countries frequently set the agenda for economic policy decisions and initiate wide-ranging economic reforms. The resulting conflicts

show that while in office, experts are aware that broader national interests and international threats often require the sacrifice of particular interests. Even if economic experts' career paths have been, and are expected to be, linked to business, they tend to advance state interests over private interests while holding office.

As discussed in more detail in chapters four and five, what experts perceived as economic threats led them to take drastic policy decisions that affected powerful business interests. In the sixties, Colombian economic experts enacted a series of policies to make the economy more competitive and less vulnerable to external shocks, but which put them at odds with coffee and industrial interests (Mares 1993; Thorp and Durand 1997). A second case concerns the management of the 1985 devaluation, which harmed business interests directly (Thorp and Durand 1997, 223). For the economic plan to work, businesses had to be unaware of the changes being prepared by the Ministry of Finance. Similarly, market reforms from 1990 to 1991 were led by technocrats and not by business preferences. Interestingly, in some of these episodes technocrats adopted policies that strongly deviated from the positions they lobbied for while chairing business associations (Urrutia 1983, 42-43). This clearly shows that their roles as government officials trump their loyalty to business.

Market reforms in Peru show how experts' decisions can drastically reconfigure businesses' power. Peru's market reforms were enacted in the early nineties against business interests that were still strong, such as industrial sectors. The business groups that benefited from these reforms were not dominant at the time the reforms were

initiated. As a result of the reforms, industrialists lost considerable economic clout and political power while other sectors saw their importance enhanced. These clashes, however, are not always won by experts. Just a decade before, during Fernando Belaúnde's government (1980-1985), Peruvian economic experts were defeated in their effort to implement broad neo-liberal reforms by an informal alliance of business, labor and politicians (Conaghan and Malloy 1994; Malloy 1992).

Moreover, experts in Colombia have consistently sought to insulate economic policy making from business and political interests. They have progressively managed to reduce the influence of business groupings and politicians in the policy process. In the sixties under Carlos Lleras, *técnicos* adopted reforms to reduce congressional control over economic policy. They were worried that congressional involvement would open the door for strong lobbies from regional business interests. In the eighties, Colombian economists sought to insulate the Monetary Board, which was in charge of determining the policy inflation rate. This board, whose members were mainly politicians from the executive branch, had the power to provide special credit to business. The 1991 Constitution assigns this responsibility to an independent board of directors in the Central Bank, as numerous economic experts since the eighties had proposed. Rather than enhancing businesses' influence over public policy we find in Colombia *técnicos* lobbying to reduce the opportunities for lobbying.

In Peru less conflict has raged between MEF and the "winners" of the market reforms of the nineties, especially financial, mining and some export interests that now

have considerably more power than industrialists. A good deal of congruence in policy preferences seems to exist between these newly dominant business sectors and experts in charge of economic policy (Arce 2006; Durand 2006). Certainly, increasing congruence is expected because economic reforms benefited certain economic activities in accordance with the reformers' preferences. In a way, this shows the triumph of experts over those business sectors that opposed their reforms.

Moreover, as discussed in chapter five, there are several cases in which Peruvian technocrats have recently clashed with business interests. Experts have designed mechanisms, such as taxes on financial operations, to extract more revenue from economic activities that have benefited from market reforms. More recently, a leftist oriented government elected in 2011 has maintained technical continuity in economic institutions and is using experts' knowledge to extract more resources from mining enterprises. So, even if they exhibit closer ties to business than their Colombian counterparts, Peruvian experts still remain quite autonomous from social forces.

Second, a business agents' perspective cannot explain the considerable autonomy of experts found in social policy sectors such as health. My research documents that experts with weak or no links to economic elites effectively opposed political and IFI interests. The Peruvian case, for example, shows that when business groups promoted particular health reforms in line with their interests, such as a privatization of workers' health insurance, experts in the Ministry of Health were able to oppose these influences and adopt different policies. Similarly, the 1993 Colombian health reform included a



series of benefits for informally employed Colombian citizens that increased the social obligations of private enterprises and thus clearly affected business interests in a negative way.

Even if I find business interests alone insufficient to explain technocratic power, my theory does recognize the strength of business actors as an important factor in explaining variation in technical autonomy. Expertise is indeed more likely to become entrenched in economic sectors, while it remains more vulnerable in social sectors such as health. As discussed in the next chapter, I argue that business stakeholders prevent the control of a policy area by other stakeholders, and thus enhance technical autonomy.

To conclude, although close linkages exist between experts and businesses this does not imply that a “business agents” perspective explains the role played by experts in both countries. Significant discrepancies exist between experts and business interests, showing that technical policy making is significantly autonomous from economic elites.

## ***CONCLUSION***

The three instrumentalist theories do not capture the role played by experts in Latin American democracies. Their main limitation is that all of these theories exaggerate the control of a particular actor over technocrats. In doing so, instrumentalist theories fail to account for the independent weight of experts as political actors in the region. My research shows that experts have clear preferences that are distinguishable from those of other actors.

First, technocrats are the source of policy projects that are later endorsed by other sociopolitical actors and not the other way around, as predicted by instrumentalist theories. Their position in the state allows experts to design policies not always understood or promoted by politicians, IFIs or businesses. This power of agenda setting is crucial in countries where policy design requires knowledge that political and bureaucratic actors usually lack.

Second, experts are capable of advancing these interests in the policy process and of facing down opposition from other political or economic actors. Experts' policies can reconfigure the power of business in society by promoting certain economic activities over others. Experts also oppose certain reforms promoted by IFIs. In other instances technocrats deprive politicians' from patronage resources by limiting state expenditures.

Experts, then, are better conceptualized as political actors in their own right. This finding opens a new set of questions disregarded by authors embracing instrumentalist theories. What is the source of technical autonomy? Why are powerful technocrats more likely to be found in the economic policy arena rather than in other issue areas where expertise is also required such as health policy? In the next chapter I develop a theory of technocratic autonomy that explains the source of experts' autonomy and its variation across policy sectors and across time in the same policy sector.

## **CHAPTER III:**

### **A THEORY OF TECHNOCRATIC AUTONOMY**

In the previous chapter I showed that instrumentalist theories fail to recognize experts' autonomy. *Técnicos* draft policies according to their own preferences, acting as agenda setters in the region. Technocrats are capable of opposing the preferences of powerful sociopolitical forces, namely politicians, IFIs, and business interests; they advance their own preferences with relative success. In some policy areas experts even achieve entrenchment and long-lasting continuity; incumbent politicians are informally constrained to maintain the technocratic level of these areas. Furthermore, experts in some state areas are able to alter their polities in substantive ways: they have the capacity to deeply transform institutional arrangements and/or the distribution of resources among social groups (Brint 1990, 369). Thus, technocrats exercise similar powers as other political actors conceptualized as autonomous in political science, such as state agencies and international organizations (Krasner 1984, 224; Skocpol 1985, 9; Brint 1990, 369; Carpenter 2001, 15; Barnett and Finnemore 1999).

These findings are surprising: technocrats usually lack tenure or institutional protections like those enjoyed by these other actors. Experts also lack the resources associated with political power in Latin America: votes, guns or money. How can technocrats be autonomous and influential political actors? In this chapter I propose a

theory of technocratic autonomy that explains (1) the source of experts' autonomy, as well as (2) the variation in autonomy found across policy agencies.

### ***THE SOURCE OF EXPERTS' AUTONOMY: KNOWLEDGE IS POWER***

I argue that expertise is the fundamental source of technocratic autonomy. A scarce resource in Latin America, expertise allows technocrats to advance their policy preferences against the interests of other powerful actors. Diverse works in the social sciences highlight technical expertise as a source of political power. These works show how bureaucracies, state bodies, international organizations, and also technocrats, use expertise to exercise considerable influence over other actors. Two reasons are usually presented to explain why technical expertise is an effective political resource: (i) the growing legitimacy of technical knowledge in modern societies and (ii) the leverage expertise provides to its user.

Some authors argue that the need to respond to complex social, political, and international demands in increasingly intricate societies gives technical actors their power (Meynaud 1969; Bell 1973; Haas 1992, 7-9). Evidence of this growing legitimacy is found in the fact that credentials of a technical education are more important in accessing positions of power than in the past (Putnam 1977, 384-384). This legitimacy is partly based on the claim that technical knowledge provides scientific, neutral, and effective solutions to social and political problems (Schaar 1984, 120; Weber 1946). Technical knowledge claims to follow scientific rules of internal coherence, thus making technical actors' assessments less vulnerable to accusations of partisanship (even if values or

ideological preferences may be at the base of these assessments). Weber, for example, points out that bureaucracies, even those with hidden normative agendas, gain their authority partly from claiming they are rational and impartial actors better suited to solve complex issues (Weber 1946). From these positions technical knowledge by itself provides considerable power to its user.

However, the growing legitimacy of technical knowledge by itself does not properly explain experts' power in Latin America. This legitimacy is certainly relevant during moments of uncertainty, when politicians are forced to look for legitimized forms of expertise that can provide answers to acute crises. And for technocrats it is easier to discredit alternative technical perspectives when experts' positions have already gained legitimacy. But my episodes reveal that such legitimacy is more an outcome than a given. As shown in the following chapters, technical prestige by itself does not stop politicians or other actors from interfering with experts' actions.

More relevant than technical legitimacy is the second reason presented in this literature to explain the political effectiveness of technical expertise: the leverage it provides over other actors. The strong asymmetry of technical knowledge and information gives technical actors considerable leverage over other actors. Politicians faced with political conundrums will turn to specialists "to ameliorate the uncertainties and help them understand the current issues and anticipate future trends" (Haas 1992, 13). Technical actors use their knowledge not just to fulfill their duties, but also to advance their own interests and expand their influence (Haas 1992, 16).

Weber, for example, argues that bureaucrats can exercise power over politicians due to their control over information: a selective supply of information leads politicians to adopt bureaucrats' preferences (Weber 1946). Similarly, principal-agent theories in American politics focus on this asymmetry of information and uncertainty about policy choices to explain why bureaucrats can escape the political control of their formal principals (Miller and Moe 1983; Moe 1984; Waterman and Meier 1998).<sup>1</sup> Barnett and Finnemore highlight the way in which international organizations exploit their expertise to exercise influence over states. By classifying information according to their own preferences, adapting the meaning of international rules, and promoting the diffusion of certain norms and ideas, these organizations affect the interests of international actors and enhance their own influence (Barnett and Finnemore 1999). Lastly, Meynaud documents how high ranking bureaucrats in France influence their political superiors through diverse strategies, such as delaying regulation, using information for their own advantage, or implementing legislation selectively (Meynaud 1969, 74-87).

This asymmetry of expertise between experts and politicians is considerable in Latin America, explaining technocrats' power in the region. Politicians in Latin America lack the technical capacities and institutionalized bureaucratic support of their counterparts in developed countries (Santiso and Whitehead 2006, 19-20). Therefore, the stark technical asymmetries prevailing in Latin America permit technocrats to achieve considerable autonomy, even if they lack the institutional protections enjoyed by high

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<sup>1</sup> Most of this literature does not recognize bureaucratic autonomy as conceptualized in the other examples. These authors explain bureaucratic "independence" by rational, calculated, political delegation, thus limiting the claim that bureaucrats can have real autonomy.

level bureaucrats in other countries. How does technical asymmetry help technocrats gain and maintain their autonomy in Latin America?

To begin with, expertise explains why technocrats reach their positions in the state in the first place. Electoral incentives perspectives rightly point to the mechanisms by which experts are usually appointed in the state: politicians need technocrats to respond to challenges they cannot handle by themselves, such as economic crises, external pressure from IFIs demanding the adoption of certain reforms, or internal political challenges. As discussed by Haas, “failed policies, crises, and unanticipated events that call into question their (decision makers’) understanding of an issue area are likely to precipitate searches for new information, as are the increasing complexity and technical nature of problems” (Haas 1992, 29).

Politicians are forced to look for the necessary technical knowledge to respond to these complex challenges. The incumbent frequently appoints experts to signal to the population and other political and economic actors that the government is facing the crisis responsibly. Experts provide authoritative recommendations and ideas about the best way to deal with these issues. They also have the skills to respond to external demands for high-quality policy making and to become the interlocutors of IFIs. Usually experts can point to international experiences in which foreign *técnicos* responded successfully to similar events. These challenges thus allow experts to enter the state.

Once in their positions, however, technocrats use their expertise to escape the boundaries of this initial delegation of power. Technocrats have a whole set of goals that

do not necessarily coincide with those of their political superiors. The strong asymmetry of technical knowledge between experts and politicians, in addition to *políticos*' lack of understanding of the broader and longer-term effects of many reform proposals, allows experts to escape from the control of their formal principals. I identify two mechanisms through which experts gradually gain leverage over their political superiors and expand their control over policy areas: (i) the enhancement of this technical asymmetry once experts occupy their positions and (ii) experts' purposive efforts to consolidate technical autonomy, what I call crafting technocratic autonomy.

The first mechanism highlights how the moment politicians appoint experts, *políticos* become more dependent on their skills. This mechanism is a direct consequence of delegating policy making to experts: *técnicos* bring into the state a set of capabilities that immediately increases the level of technical understanding required to manage policy areas. As pointed out by different experts interviewed for this dissertation, just by mustering capacities their political superiors lack and by raising the complexity of policy making, experts enhance their autonomy by making it more difficult for *políticos* to regain control over these areas (interviews with Blume 2007, Iwasaki 2007, Meloni 2007, Pasco Font 2007 and Caballero Argáez 2007).

Experts implement and take control over complex state procedures that politicians are not familiar with nor qualified to conduct. Drafting budget allocation plans, fulfilling transparency requirements, implementing internationally funded projects, or following control and transparency procedures are duties that elude politicians' abilities, thus



enhancing experts' leverage over their superiors. Experts also give politicians access to wide networks of international technical institutions and agencies with which experts share a common language. Drafting proposals for external funding or responding to particular demands from these institutions are technical jobs that politicians cannot handle by themselves.

Politicians' relatively short term in office in Latin America aggravate this dependence. Ministers are usually aware that their tenure in office is short. Therefore they have no time to waste if they want to make any difference, so they ask for experts' advice about the best way to achieve their goals. Similarly, politicians take care to avoid causing unintended damage to ongoing projects and reforms, especially if the reforms are sponsored by international organizations. As shown below, the higher the complexity and potential political costs of interfering with experts' policies, the higher this political restraint. So, by acting as they are expected to act, experts entrench expertise in the state and make other actors, political or socioeconomic, accept the new technical standards in policy making.

But experts are more than passive actors in this process. The second mechanism reveals how, using their superior technical skills, experts strategically maneuver to attain more autonomy from their political superiors and protect this autonomy. This second mechanism is what I call "crafting" technocratic autonomy: the purposeful effort to enhance technical autonomy and assure its continuity.

Diverse authors have highlighted technocrats' strategic use of expertise to advance their preferences in Latin America. Guillermo O'Donnell, for example, shows how highly trained individuals, tired of politicians' profligate behavior, formed alliances in the sixties and early seventies with the military in the Southern Cone to impose "rational and efficient" development models (O'Donnell 1973, 79-89). These individuals brought to this alliance their internationally legitimized developmental recipes and international networks. Focusing also on the southern cone, Biglaiser documents how economists used their superior knowledge to convince the ruling military of the soundness of their economic prescriptions and to exclude less technically capable actors from cabinet debates (Biglaiser 2002). Similarly, Grindle documents how politically savvy Mexican experts under the Partido Revolucionario Institucional (PRI) used their knowledge to carefully advance their preferences and protect their office's independence (Grindle 1977, 416-419).

My work moves beyond these accounts and specifies to a greater degree the mechanisms that make expertise a valuable strategic resource. I identify four strategies used by experts to maintain and enhance their influence over policy making. Experts use technical knowledge to (i) purposively exclude actors who lack technical training from policy making; (ii) divert political and socioeconomic pressures; (iii) build informal and formal institutions that guarantee technical stability and reproduction; and (iv) establish alliances with other actors to advance their own preferences.

**Exclusion.** Technocrats use their knowledge to purposively exclude actors who lack the technical expertise to participate in policy debates. As mentioned above, sometimes this outcome is simply the consequence of appointing experts; but in other cases experts use their superior knowledge as a political resource. Increasing the technical knowledge required to understand public policy gives experts a crucial advantage over other state actors, such as politicians and bureaucrats, and even over private actors that try to influence policy making. Experts, for example, present their arguments with studies that use empirical data to evaluate the consequences of policy choices. If politicians and other actors such as business groups cannot produce proposals of a similar technical caliber, they are at a disadvantage in deliberations.

**Diversion.** Expertise becomes a key resource for diverting political or socioeconomic pressures that threatens to undermine technocrats' preferences. Instead of clashing directly with their political superiors or socioeconomic actors and rejecting policies these actors do not support, experts use more subtle, yet highly effective, diversion strategies (Centeno 1993, 322-323; Grindle 1977, 421-422). My research identifies several of these strategies. Specifically, experts' control over information allows them to restrain or promote certain courses of political action. For example, experts convince politicians or IFIs that certain electorally driven policies are infeasible or counterproductive. And they commit their politically appointed superior, whose time horizon tends to be short-term, to long-term projects whose significance only *técnicos* themselves fully grasp. Similarly, experts in executive agencies can wait until the

regulation stage of a law to narrow or expand the content of this law. Experts can also adopt selective forms of enforcement that end up harmonizing these laws with their original preferences. These strategies maintain and advance technical autonomy.

**Formal and informal institution building.** Experts establish formal and informal institutional requirements to guarantee technocrats' continued appointment and reproduction. By demanding technical entry qualifications, they turn expertise into a necessary criterion for recruitment in the agencies under technocratic control. By doing so, experts make sure that their recruitment does not depend only on political discretion, but on merit-based selection processes. Also, by providing adequate incentives experts can guarantee their reproduction in the state. Colombian economic institutions, for example, offer scholarships to their members to pursue graduate studies abroad. Technocrats purposefully designed these incentives to reduce politicization. Experts also provide formal institutional protections to agencies created to carry out their sponsored reforms. In Colombia during the sixties, for example, economic experts insulated export promotion agencies (Juárez 1993a; Díaz Alejandro, 1973). Similarly, in the nineties in Peru experts created new regulatory agencies with management laws similar to those of private institutions, which prevented their bureaucratization (Wise 2003). Colombian economic experts even created civil society institutions to enhance the level of expertise in society, provide support for expert-sponsored policies, and harbor experts when they leave the state (Botero 2005).

**Alliances.** Finally, experts also build strategic alliances with political or socioeconomic actors or IFIs. As my research shows, experts may approach economic and political elites to ask for support for their policy preferences and reforms, sometimes even enlisting these actors as allies against their political superiors. Technocrats may even use the media, sometimes off the record and without their political superiors' permission, to inform the population of the alleged negative consequences of policy projects. Experts' knowledge is a critical input in these alliances, as other actors frequently lack the expertise to defend these proposals in technical terms.

Expertise, then, is the main source of technocrats' autonomy. These findings are noteworthy and diverge from the conventional assumptions underlying different approaches to the study of politics. Both structural and political agents' theories downplay the importance of knowledge as a crucial factor in policy making and politics. My dissertation shows both economic experts and health experts achieving a significant level of autonomy in the areas under their control.

Nonetheless, I also find that the degree of autonomy varies across policy sectors and even within the same policy sector across time. In some areas the enhancement of technical asymmetry and the strategies to increase experts' insulation leads to technocratic entrenchment. Technocratic entrenchment occurs when the political cost of appointing unqualified individuals in these policy areas becomes too high for the incumbent. At that point only a strong departure from "politics as usual" could lead to

experts' removal from their position. In other areas, though, this autonomy remains weaker, experts more vulnerable, and entrenchment unlikely.

My six episodes show this contrast. In general, economic experts have more autonomy than health experts and thus are also much more likely to entrench their autonomy. Two of my economic episodes show firmly established technical autonomy (Colombia 1958-2011 and Peru 1990-2011). Prestigious economists, usually with doctoral degrees, are commonly selected as heads and deputies of the Ministry of Finance (MF) and the National Planning Department (NPD) in Colombia and the Ministry of Economics and Finance (MEF) in Peru. Several of these institutions' top officials, such as vice-ministers, have graduate studies in their fields of expertise, something uncommon in other areas of these states. Nonetheless, my third economic episode (Perú 1980-1983) shows technocrats' failure to achieve long-lasting continuity in MEF.

In my health episodes experts also achieved important reforms and some insulation from political intervention. Nonetheless, in two of my three health episodes (Colombia 1966-1970 and Peru 1993-2002) this resistance to political intrusion eventually broke down and experts' autonomy declined strongly. In my third episode (Colombia 1993-2011), experts achieved continuity, but even in this more successful case health experts remain vulnerable. What factors explain this variation in technical autonomy across policy areas, even in the same policy area across time?

## ***DETERMINANTS OF TECHNICAL AUTONOMY***

Technical autonomy is not equally strong across the state. Although always a valuable resource, in some policy areas it is less effectual as a strategy to exclude other actors, advance preferences, or provide long-lasting autonomy. I propose that four factors—two endogenous to experts and two exogenous —determine the degree of technical autonomy achieved by experts in a given policy sector and the likelihood of technical entrenchment.

### **Technical Complexity**

The first endogenous factor that shapes variation in technical autonomy is technical complexity. Experts are more autonomous in sectors in which the level of technical qualifications required to understand policy making is higher (Grindle and Thomas 1991, 61). Complexity increases the asymmetry between *técnicos* and other actors, which is at the base of experts' autonomy, limiting intervention in these policy areas. Complexity also makes it more difficult to foresee the consequences of policy choices. If these consequences are difficult to foresee political intervention becomes more risky than in policy areas in which these consequences are easier to grasp (Barnett and Finnemore 1999; Nelkin 1975, 36-37). Politicians and sociopolitical actors have more difficulty evaluating the likely costs and benefits of policy decisions and thus rely more on experts' assessments.

What makes some types of knowledge and policy choices more complex than others? The more specialized the scientific knowledge needed to understand the available policy options, the more complex is a policy area. This level of complexity partly

depends on how experts believe the issue area can be analyzed scientifically. The more prone to modeling and quantification, the easier it is for technical practitioners to exclude other non-trained actors in a policy area. In order to be considered scientific these “languages” must adhere to norms of internal coherence. This technical jargon limits who can participate in policy debates. Statistics, econometrics, or mathematics are all powerful mechanisms to exclude uninitiated individuals who cannot counter experts’ assessments with similar evaluations.

Similarly, the consequences of policy choices affecting particular goods are less complex and therefore easier to foresee than the consequences of decisions affecting public goods. Specifically, when the technical debates are focused on budget allocations to particular services and programs with identifiable beneficiaries, other actors, such as politicians, have a better grasp of the immediate consequences of those decisions for their interests. This assessment is more difficult in areas in which each decision requires a high degree of specialization and decisions themselves have broader effects not traceable to particular beneficiaries. These complex decisions determine the availability of future resources and public goods, issues difficult to foresee for an untrained individual.

This factor is important for understanding the different levels of autonomy prevailing in economic policy versus health policy. Politicians have a harder time assessing the implications of economic policy decisions. Economic policy is a complex discipline, highly formalized, and requires mathematical and statistical skills. Determining adequate responses to economic crises or predicting the precise



consequences of public spending for inflation are all policy decisions that largely escape the understanding of politicians. These limitations become more evident in moments of uncertainty, when wrong decisions risk deepening the economic problems of the country. Economic policy remains obscure and inaccessible for politicians.

Health policy, in contrast, is more accessible to political actors and associations of professionals working in the health sector (e.g., doctors and nurses). Even if health policy has gained technical complexity in recent decades, especially after health economics became a field of high technical training in the nineties, it remains less complex than economic policy, and its effects are more easily understood. Policy debates about health policy often involve decisions affecting the allocation of divisible patronage resources, a topic on which the interested parties will certainly have opinions. As such, it is more difficult to exclude political actors from health policy debates.

A policy sector's technical complexity can vary across time and thus enhance or reduce experts' ability to marginalize other actors from the policy making process. My episodes clearly show this variation. In the sixties, Colombian economic experts had the special advantage of commanding expertise when no other actors in the country had similar capabilities. By raising the technical level required for understanding policy making, Colombian experts gained bargaining leverage *vis-a-vis* other economic "experts" (usually lawyers) linked to political parties and business interests. In the eighties, Peruvian experts lacked a similar advantage because there were trained economists with alternative perspectives that questioned their reform proposals. The

health episodes also show how complex knowledge excludes other non-technical actors from policy making. As mentioned, in the nineties the spread of the health economics approach made health policy significantly more complex, marginalizing other actors such as politicians and doctors.

### **Consensual Expertise**

A second endogenous factor that boosts technocratic autonomy is consensual expertise. Expertise becomes a more effective resource for gaining independence and influence when experts agree on what constitutes adequate policy. When there is strong agreement among experts regarding proper diagnosis and which solutions look promising, an “epistemic community” exists: “a network of professionals with recognized expertise and competence in a particular domain and an authoritative claim to policy-relevant knowledge within that domain or issue area” (Haas 1992, 3).<sup>2</sup> This consensus enhances experts’ leverage by making the technical policy options they advocate look largely unchallenged by other experts. Technical legitimacy is firmly grounded in the informed opinion of other experts. Disagreements among technocrats are limited to smaller points that do not threaten the dominant paradigm.

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<sup>2</sup> The full definition of an epistemic community includes the following specification: “Although an epistemic community may consist of professionals from a variety of disciplines and backgrounds, they have (1) a shared set of normative and principled beliefs, which provide a value-based rationale for the social action of community members; (2) shared causal beliefs, which are derived from their analysis of practices leading or contributing to a central set of problems in their domain and which then serve as the basis of elucidating the multiple linkages between possible policy actions and desired outcomes; (3) shared notions of validity—that is, inter-subjective, internally defined criteria for weighing and validating knowledge in the domain of their expertise; and (4) a common policy enterprise—that is, a set of common practices associated with a set of problems to which their professional competence is directed, presumably out of the conviction that human welfare will be enhanced as a consequence” (Haas 1992, 3).

When there is consensus among technocrats, politicians are more constrained to appoint only technically trained individuals to policy-making institutions. If politicians make decisions that deviate from this consensus, such as appointing an unqualified individual, these decisions can easily be condemned as irresponsible or politicized. Even if politicians decide to replace particular experts they are forced to appoint in their positions individuals with similar preferences. Disputes with politicians, then, can lead to changes of individual experts, but not to the appointment of less-qualified individuals or a broad change in policy prescriptions.

In contrast, when this consensus is lacking, divisions within technical ranks can be used by political and/or societal actors to weaken technical autonomy. These actors have a choice and can select *técnicos* aligned with their own preferences, rather than “having to” accept the preferences that experts consensually hold. In this way politicians limit experts’ claim that these decisions represent what is commonsensical in their professions, and turn technical debates into political ones, with politicians using “their” experts to advance their preferred alternatives (Nelkin 1975, 40-41, 54).

My episodes show the crucial importance of expert consensus for explaining the variation found across economic and health sectors in both countries and across time in the economic episodes in Peru. In the seventies and eighties there were clearly divergent approaches to economic policy in Peru and most of Latin America more generally, which gave politicians the option of choosing among different economic recipes. The fall of orthodox experts in Peru during the early 1980’s was facilitated greatly by these

disagreements. Politicians and business associations used other experts to delegitimize technocrats' reforms.

Nowadays a broad agreement on what constitutes adequate economic policy prevails in the region partly as a result of the damaging effects caused by the debt crisis of the eighties (Montecinos, Markoff and Álvarez Rivadulla 2010, 15-17). The same orthodox and heterodox experts who two decades ago had little common ground in their approaches to economic policy now share many assumptions, goals and policy instruments. Although other economic issues remain disputed (e.g. privatizations, labor law, the use of subsidies for promoting industries), this consensus among experts highlights the need to maintain fiscal equilibrium, control patronage spending, and avoid inflationary pressures (Silva 1991, 405-406; Centeno and Silva 1998, 11-12). Politicians cannot appoint alternative experts who would be profligate.

Technical consensus in economics has existed in Colombia since the time of the National Front. This common ground among Colombian experts partly explains the early emergence of technocracy in that country. For more than forty years economic policy implemented by the Ministry of Finance has not undergone abrupt changes, even under conditions of political stress. In Peru such a consensus emerged after the hyperinflationary crisis of the late eighties, when the excesses of heterodox policies discredited this approach to economic policy. In both countries politicians are now informally required to appoint officials that are committed to this consensus. A purely political appointment is not likely to be tolerated.

In contrast to economic policy, there is more limited agreement among experts in the health sector (Kaufman and Nelson 2004, 12-13). Public health policy has a long history of strong disagreements about the adequate approach. Up until the sixties health policy prescriptions recommended the adoption of a single social security system as an adequate health system for third world countries. Starting in the late sixties, a new approach challenged the traditional one. This new approach questioned the regressive effects of alleged universal systems: these “universal” policies focused on the urban and formally employed population, leaving aside the worst-off in society such as those living in rural areas or those informally employed (Ewig 2010, Ch. 2). Gradually this new approach was supported by the World Health Organization (WHO), and named “primary health care.” From this primary health care perspective it is more efficient to prevent illness by ameliorating the living and nutritional conditions of the population than to cure it later or invest in expensive medical equipment. In consequence, the WHO recommended substantial reforms promoting preventive policies, communal work, and a decentralized allocation of technical and human resources to those sectors in most need (Cueto 2004,1868). Under the motto “Health for All by the Year 2000,” the WHO’s 1978 Alma Ata declaration promoted primary health care globally (Cueto 2004).

But this approach did not remain unchallenged. Other experts questioned primary health care for its broadness and for lacking specific and measurable goals. A more restricted version, selective primary health care, emerged in the eighties. This perspective also demanded to focus resources on the needy, but left aside some universalistic goals of

original primary health care (Cueto 2004). Health economics emerged as an adequate complement to this approach: only economic knowledge could properly assess and determine where resources should be focused and which sectors needed them the most. When the World Bank launched its influential campaign for public health reform in the late eighties, it embraced a restricted version of selective primary health care, stressing the importance of health economics for policy implementation (Ewig 2010, 68-73). In its leading publications *Financing Health Services in Developing Countries: An Agenda of Reform* (1987) and *World Development Report: Investing in Health* (1993) the Bank prescribed focusing on those sectors of the population that could not be covered by the market (Ewig 2010, 69-71).

All these approaches coexisted in Latin America during the nineties (Franco 1996; Arroyo 2000: 73-75, 161; Yglesias 1999). Frequently, health experts did not agree on which solution or which policy to privilege. Choosing priorities, however, involves making political decisions regarding which social groups one wants to target (Kaufman and Nelson 2004, 12-13; Nelson 2004, 31). This lack of agreement about priorities leads to harsh criticism and conflict among experts, opening the door for political intrusion and sometimes dramatic changes from administration to administration. Evidence of these disagreements is found in the different evaluations of policy reforms in both countries. Reconstructing health reforms through interviews sometimes felt like watching *Rashomon*, as the successes highlighted by one group of experts were described as

failures by experts with a different ideological or policy orientation. These discrepancies among experts have affected the stability of technical expertise in health policy areas.

Although these conflicting views still exist, in the last decade health experts' positions have converged. A significant level of agreement has emerged around a soft version of selective primary health care. This nascent consensus is less solid than the existing consensus in economics, but it nevertheless reduces conflict among experts. Even sectors that demanded broad and universal systems of health coverage in the eighties now recognize the constraints posed by resource limitations (Nelson 2004, 29-30). Health economics has become increasingly important in defining and solving the resource limitation challenges of public health. This consensus is now partially endorsed by institutions such as the World Health Organization (WHO) and the Pan American Health Organization (PAHO), and has provided some common ground to these technical debates. This change explains why the conditions for health technical autonomy in both countries are now higher than in the past, although disagreements are still more prevalent than in economic policy.

To conclude, policy complexity and consensual expertise help to explain the variation in technical autonomy. Nonetheless, these endogenous factors only tell us part of the story. Two exogenous factors also play an important role in explaining this variation.

### **Political Cost of Bad Policy Performance.**

The first exogenous factor is the cost to the incumbent of delivering bad policy outcomes. As mentioned before, politicians usually appoint experts to respond to an acute problem they cannot solve by themselves. After this initial appointment, incumbents evaluate the costs and benefits of leaving experts in control of policy making. I propose that, when high, these costs decrease experts' vulnerability in some policy areas and enhance their chances of achieving continuity across time.

I argue that the most important political costs of firing technocrats are the potential consequences of failing to deliver policy that responds to the needs of the population and to the interests of political actors. Inadequate policy outputs in some issue areas can hurt the electoral chances of politicians by exacerbating a crisis. If negative consequences are difficult to foresee, politicians may be even more risk averse. In other policy spheres, by contrast, inadequate policy outputs have less serious repercussions for politicians.

Regarding the political benefits of controlling a policy sector, the most important incentives are the patronage resources available in that sector. Technocratic management strongly reduces political discretion over the allocation of public resources. Some issue areas offer vast amounts of resources to political actors: control over budget distribution, large numbers of jobs to allocate among party members, well-paid positions in state-owned enterprises for political allies, procurement contracts for potential donors of campaign contributions, etc. Sectors with more resources to distribute, then, remain



tempting targets for interference by politicians. If there are no clearly perceived costs of intruding in a policy area, the incumbents' incentives to intervene are higher.

What aspects are relevant for incumbents' evaluation of their political costs? I propose that three aspects are relevant for this evaluation. The first one is the share of the population affected by bad policy decisions. In general, politicians will find political decisions that affect a larger number of the population more costly. Second, the severity of the potential damage also matters for this assessment. Bad decisions that could inflict serious damage are more costly than decisions whose damage diffuses in society with little individual impact. Finally, a third aspect to consider is how visible and traceable to the incumbent the potential consequences of bad policies are. In some issue areas, bad decisions or delaying action can have immediate and noticeable effects on the well-being of the population. If faulty decisions have an immediate impact, political interference in technical policy making becomes more costly. However, if negative consequences are likely to appear only after a significant delay or if inaction is not politically noticeable, the incumbent has less to worry about and can more freely override technocrats. In conclusion, experts are more insulated from political pressures in those areas in which public policy can cause immediate and severe effects that hurt large segments of the population.

Important differences between economic and health policy exist with respect to these political costs. Mistakes in economic policy carry heavy political costs (Kaufman and Nelson 2004, 13). The public in general suffers the consequences of economic

irresponsibility, a lesson widely learned in the region after the hyperinflationary crises of the eighties. As discussed later, influential sectors, such as business, have high stakes in economic policy. Therefore politicians think twice before appointing political cronies or other less-qualified individuals. Even if using economic policy as a source of patronage is attractive to politicians—as it became obvious during my first economic episode in Peru—the hyperinflationary crisis of the late eighties raised the perceived costs and risks of a politicized handling of the economy. Due to widespread learning from bitter experience, nowadays economic technocrats are less threatened by interference by the incumbent.

Public health, in contrast, remains a sector in which political intervention carries lower costs. Public health is of concern to large numbers of individuals, but it is the poor classes of society that have the most at stake (Kaufman and Nelson 2004, 13; Nelson 2004, 39-41). The wealthy are covered by private health systems and do not have to deal with public health, and those formally employed within the middle classes usually have some sort of insurance provided by state social security. The costs of maintaining the status quo are also low, as citizens have grown accustomed to a bad health system and do not blame the incumbent for this outcome: bad health policy is difficult to trace to the incumbent. A health system in crisis has been an everyday occurrence in many Latin American countries. Therefore, the costs to the incumbent of delivering mediocre health care are relatively low. The benefits incumbents can gain from health reforms are uncertain because the positive effects of the reforms can only be appreciated after

considerable time; and sometimes the initiation of reforms may have political costs by affecting unionized groups within health ministries (Nelson 1999, 16-22; Kaufman and Nelson 2004, 11-14). At the same time, the incumbent can benefit significantly by maintaining the status quo, given the abundant patronage resources the health system offers. These patronage resources consist of jobs for party loyalists and the politically targeted distribution of health services (Kaufman and Nelson 2004; Nelson 2004, 38-39). As a result, health is an area in which experts remain more threatened by politicians.

Variation in this factor helps to explain the intermediate outcome in the second Colombian health episode. By incorporating both the formally employed and the poor into a single health system, the Colombian health reform enhanced the political cost of delivering bad health policy. Formally employed sectors were now concerned with public health, enhancing the political cost of maintaining clientelistic and irresponsible politics in the health sector. Although this cost is not as high as in economics, this enhancement contributed to technical expertise in the second Colombian episode.

### **Constellation of Stakeholders.**

A second exogenous factor that explains technocratic autonomy and its variation in degree across state agencies is the **constellation of stakeholders** with interests in a policy sector. The balance of power among important actors plays a crucial role for enhancing technical autonomy and promoting its entrenchment over time. I define stakeholders more loosely than they are usually defined in public policy theory. The conventional view refers to stakeholders as citizens, interest groups, or associations

benefited or harmed by particular policies. I use “stakeholder” in a broader way to refer to social, economic, or political actors with strong preferences and interests (“stakes”) in a policy area. IFIs, for example, will count as stakeholders for my theory, even if they are not harmed or benefited directly by the adoption of particular policies. Similarly, the political opposition also counts as a stakeholder due to their interest in preventing incumbents from politicizing policy sectors.

I argue that a plural and balanced constellation of powerful stakeholders enhances technical autonomy in two ways: (1) by providing experts with more space to adopt their own policy decisions and (2) by increasing the likelihood that experts’ strategies to advance their policy preferences will succeed. This balanced constellation of stakeholders also raises the probability that technical autonomy becomes entrenched over time.

Cross-pressures from a plurality of powerful stakeholders bolster experts’ autonomy. The logic behind this argument is that as the fragmentation of powerful actors surrounding a policy sector increases, it is more difficult for a single actor to control experts. Diverse powerful stakeholders provide different and contrasting preferences regarding policy options, which balance and cancel each other out. Stakeholders act as veto players, preventing competing actors from controlling the policy area. In areas where there is a balanced constellation of powerful stakeholders, the incumbents are aware that pushing experts too hard may cause a backlash against them from influential stakeholders, such as the political opposition, business or IFIs. Powerful stakeholders, such as business interests or IFIs, would ideally control these policy agencies by

themselves. But when they cannot do it, these actors see experts as a second best option, especially if the most likely alternative is political control by the incumbent. This informal but firm control exercised by these stakeholders over the incumbent and each other enhances technocrats' insulation. *Técnicos* benefit from this space and adopt decisions according to their own preferences with less fear of being punished by other actors.

Similar theories are used in political science to explain diverse instances in which political actors gain autonomy from other socioeconomic and political forces. Riesman argues that the existence of plural interest groups in modern America precludes the possibility that a particular group controls the government, and gives the government considerable autonomy (Riesman 1950, 235-255). Rustow explains the adoption of democratic institutions in modern Europe as a consequence of the stalemate between aristocratic and labor forces. A democratic regime does not guarantee the preferred options of either labor or aristocratic forces, but it is a reasonable “second best” option for both sides (Rustow 1970). Similarly, pluralist theories of the judiciary find in a balanced and competitive party system a necessary condition for the emergence of independent judiciaries capable of adopting autonomous decisions (Ginsburg 2003; Bill Chavez 2004, Ríos Figueroa 2007).

Therefore, a balanced constellation of stakeholders is crucial to provide experts with enough political space to adopt their preferences. Two types of stakeholders are particularly important for explaining technical autonomy: business interests and IFIs. As

discussed in the previous chapter, structural perspectives are wrong in attributing to business interests or IFIs the power to control *técnicos*. However, these actors are relevant for technical autonomy. They try to advance their preferences and shape policy making, frequently in opposition with the incumbent. By doing so, they interact with the other stakeholders, balancing each others' preferences. In contrast, where there is only one powerful actor, usually the incumbent, this actor has an easier time opposing technical policies that affect its interest. If defiance by experts is strong, the incumbent can punish these technocrats and fire them more easily. Similarly, an unbalanced constellation of stakeholders, with powerful stakeholders joining forces to attack experts, will also lower technical autonomy.

The balance among the constellation of stakeholders helps to explain the variation in technical autonomy and entrenchment found in my case studies. In economic policy, experts have more space to adopt autonomous decisions. Stakeholders such as IFIs and business sectors closely scrutinize policy making, limiting incumbents' intrusion. Health, by contrast, is a sector in which there are no similarly powerful stakeholders. Few actors demand that politicians adopt effective health policies or restrict them from interfering with technical policies. Apart from business interests directly involved with the health sector, business actors in general show little concern or involvement in health reform (Nelson 2004, 40-41). Without this pressure, politicians who clash with experts have little reason not to fire them to clear the way for the adoption of new policies more in accordance with their own interests.

The importance of stakeholders for the continuity of technical autonomy becomes clear in moments in which experts are more vulnerable, such as during changes of administration or when presidents clash with particular ministers. The pressure on the incumbent to maintain technical management in economic institutions is evident during the days preceding the appointment of a new economics minister. As shown in my two economic episodes with high technical autonomy (Colombia 1958-2010 and Peru 1990-2010), stakeholders make it clear that they prefer a technical appointment with economic credentials who can guarantee technical quality and continuity. And when a technical minister is dismissed, economic analysts and risk assessment agencies immediately comment in the media about the dangers for stability if the incumbent appoints a minister with no technical credentials. Once a technical minister is nominated, these actors produce reports emphasizing how the pick is adequate for economic stability.

By contrast, the fall of health experts due to their clashes with politicians usually remains largely unnoticed. In the absence of powerful stakeholders, these events are criticized mainly by a few other health experts who share the perspective of the fallen experts. Other powerful actors and the public at large remain unmoved by these events. Therefore, the costs of firing experts and not replacing them with qualified individuals are much lower. In consequence, politicians' latitude to adopt changes in health agencies regarding policy options and personnel rotation remains higher than in economic policy. Clashes with politicians can result in a considerable loss of technical expertise.

My health episodes provide additional evidence of stakeholders' relevance for technical autonomy. The enhancement of health expertise documented in my two episodes in the nineties was linked to moments in which IFIs and other international stakeholders promoted health policy reforms. By doing so they increased politicians' need for experts and the possibility of experts' adopting autonomous decisions. As discussed in the Peruvian episode, IFIs' declining interest in health reform at the end of the nineties harmed experts' autonomy.

On the other hand, my first Peruvian economic episode (1980-1983) shows how an unbalanced constellation of stakeholders can affect economic technocrats. Although experts in MEF mustered considerable influence initially, powerful political and business actors who used alternative economic recipes to question technocrats' orthodox economic reforms eventually defeated them. After the debt crisis and especially after the economic meltdown of the late 1980s, a stronger consensus in economic policy and a more balanced constellation of stakeholders emerged during the 1990s in Peru, increasing the chances for technical autonomy. As such, in clear contrast to the previous experience of the eighties, technocratic autonomy in economic policy has persisted in Peru.

A second way in which a plural and balanced constellation of stakeholders increases technical autonomy is by making experts' strategies to advance their preferences considerably more effective. As mentioned, sometimes experts play different stakeholders against each other and establish alliances with them according to the issues



under consideration. Experts can evaluate the preferences of different stakeholders and use them to counteract the pressure they receive from different quarters.

Several examples in my research show this autonomous strategic action. As discussed, when politicians are not responsive to their preferences, *técnicos* can secretly ask IFIs to exercise leverage over the government. Or they can ask these institutions to demand that only highly qualified individuals are appointed to ongoing projects of reform, thus limiting political manipulation of externally funded projects. Experts can also establish links with business associations or even the political opposition to advance their proposals. Or they can seek the support of other social actors, such as the media, think tanks or interest groups to counterbalance political pressures.

While economic technocrats have a variety of options for finding allies, health experts remain more isolated. Economic *técnicos* have much more room for maneuver. Some business associations can be experts' allies in the effort to break resistance to particular reforms emanating from politicians or other business sectors. For example, exporters can support experts' efforts to open the economy against the interests of protectionist business sectors. Or IFIs can finance pilot projects, such as developing more transparent budgets or new systems of financial accountability, that the incumbent is not willing or interested in funding. In health, by contrast, the incumbent is the dominant interest. Usually only IFIs, international organizations involved in health policy and some local NGOs have a sustained interest in the public health system. In consequence, health experts have fewer stakeholders to play against one another.

These four factors explain the variation in the level of technical autonomy. In sectors of high technical complexity, where there is expert consensus, where the incumbent faces high and immediate costs if he or she delivers bad policy and where there is a plural and balanced constellation of stakeholders higher levels of technical autonomy are expected. By contrast, where these factors are not present, technical autonomy remains weak and experts are less able to advance their preferences.

When these four factors are present, technical entrenchment is more likely. Expert strategies are more successful, increasing the formal and informal requirements for expertise in policy areas. Experts' knowledge gains legitimacy and becomes less disputed. A balanced constellation of powerful stakeholders also contributes to this entrenchment. Powerful stakeholders, such as the ones operating in economic areas, see technocrats as guarantors that economic institutional arrangements are maintained. Different authors discuss how powerful actors become active agents defending institutional stability (Pierson 2000; North 1990; Levitsky and Murillo 2009; Johnson forthcoming). As highlighted by Levitsky and Murillo, "When institutional arrangements persist (and are enforced) over time, surviving repeated crises and changes of government, actors develop expectations of stability and consequently invest in skills, technologies, and organizations that are appropriate to those institutions" (2009, 123). Technocrats reduce uncertainty, providing assurance to powerful actors that the status quo will not change abruptly.

When the precedent of appointing technical ministers in the economic area has become normal, as is the case in Colombia and Peru nowadays, naming an unqualified individual in a high economic position carries extreme political costs. In contrast, policy sectors where these conditions are not present, such as health, are much less likely to produce such entrenchment, and technical autonomy remains weak.

## ***CONCLUSION***

The theory developed in this chapter seeks to explain the causes of technical autonomy as well as its variation across policy sectors and over time in the same policy sector. I discuss how expertise is the source of experts' autonomy and explain why this expertise is a valuable resource in two basic ways. First, an asymmetry of knowledge and theoretical understanding makes politicians highly dependent on experts' technical abilities. Second, higher levels of expertise also allow technocrats to act strategically to advance their policy interests and build their own autonomy. Technocrats therefore can become autonomous actors, even in areas, such as health policy, that are widely perceived as less likely cases for technical autonomy.

Then I explain the variation in the strength of technical autonomy with four factors, two endogenous to experts and two exogenous: the level of technical complexity, the level of policy consensus among experts, the political cost to the incumbent of bad policy performance, and a balanced and plural constellation of stakeholders with interests in a policy sector. Variation in these factors also accounts for variation within a policy sector over time.

The following chapters provide the empirical basis of these conclusions. Chapters four (Colombia) and five (Peru) show that economic policy is, in general, a more likely sector for the emergence and persistence of technocratic autonomy due to the presence of these favorable conditions. In two of my episodes (Colombia 1958-2011) and Peru (1990-2011) economic experts have enjoyed considerable autonomy and achieved long-lasting continuity. Nonetheless, these favorable conditions are not always present. The lack of expert consensus, an unbalanced constellation of stakeholders, and politicians' lack of awareness of the political cost of irresponsible economic policy, explains why in my first economic episode (Peru 1980-1983) experts were dismissed from their posts when they faced strong political and business opposition.

The three health episodes discussed in chapters six (Colombia) and seven (Peru) confirm that expertise is technocrats' most valuable resource for gaining and maintaining autonomy. The episodes also confirm that health experts' autonomy is lower and more vulnerable than the autonomy achieved by economic experts. In two of my three episodes (Peru 1990-2002; Colombia 1966-1970) politicians eventually dismissed experts, although in the Peruvian episode conditions were more favorable for the emergence and continuity of technocrats' autonomy. Variation in three of these factors explain the more positive trajectory of the second Colombian episode (1993- 2011). In this episode, the health economics approach made health policy more complex, thus making it easier for experts to exclude other actors from policy making. Also, by creating a single health system including the formally employed and the poor, the reform enhanced the political

cost of bad health policy performance. Finally, the constellation of stakeholders in health policy became more plural and balanced partly due to experts-driven reforms. Colombian experts were more successful limiting the intrusion of other actors in health policy and have remained influential actors in Colombia, although their autonomy remains more threatened than in the economic cases.

## **CHAPTER IV:**

### **ECONOMIC TECHNOCRATS IN COLOMBIA (1958-2011)**

There currently exists a nucleus of young Colombians dedicated to their country's development above and beyond partisan considerations, often accepting positions with the government and sacrificing more lucrative opportunities in private employment. They are engineers, economists, agronomists, the new technocrats. (Robert Dix, 1967, 199)

Under the National Front pact (1958-1974), and especially during the presidency of Carlos Lleras Restrepo (1966-1970), economic technocrats in Colombia became architects of their nation's economic policy. The Ministry of Finance (MF), the National Planning Department (NPD) and the Central Bank (*Banco de la República*) are widely recognized for the technical excellence of their cadres. Politicians are informally constrained to appoint only highly qualified individuals to the top positions of these institutions. Diverse scholars highlight this economic technocracy as a distinguishing feature of Colombian politics (Urrutia 1991; Hershberg 2005, 5; Thorp 1991; Thorp and Durand 1997; Edwards and Steiner 2008, 67; Mares 1993; Meisel Roca 1997; Juárez 1993a; 1993b; Leal Buitrago 1990, 35; Berry y Solaun 1980, 447-448).

How did economic experts achieve autonomy in Colombia? Why were technocrats in that country successful in entrenching their expertise decades before other Latin American countries? I argue that the high scores in my four factors explain experts'

entrenchment in the MF and NPD. This case also demonstrates the relevance of experts' strategic actions to entrench technical autonomy: experts in Colombia built their power step by step, through a process of careful institution building.

The chapter proceeds as follows. In the first section I discuss the political and economic context in which autonomous experts arose in the Colombian state during the National Front (NF) and present biographical information about the individuals occupying top economic positions in the last decades as evidence of technical continuity. Then, I show the limits of alternative explanations for technical continuity in Colombia. In the third section, the chapter's core, I detail how my theory explains the long-lasting autonomy of the Colombian technocracy.

### ***TECHNOCRATIC EMERGENCE AND CONTINUITY.***

The emergence of an economic technocracy in Colombia can be traced to domestic and international processes during the NF agreement between the Liberal and Conservative parties. The NF pact was signed by Liberals and Conservatives to end the dictatorship of General Gustavo Rojas Pinilla (1953-57), to stop the fierce partisan violence that had racked the country, and to foster economic development. According to the agreement, for a period of sixteen years (1958-1974), or four presidential terms, the parties would alternate in power and support the NF's presidential candidate in each election. To guarantee parity, all governmental positions (seats in congress, governorships, ministries and local authorities) were divided equally, and a constitutional provision stipulated a two-thirds majority in Congress for approving laws. Electoral

competition against the Front's candidates was allowed, but challengers had to run under Liberal or Conservative banners even if they lacked the official support of the parties. The pact, strongly supported by Colombian elites and approved in a referendum by 90% of the population, became part of the Colombian Constitution (Dix 1967; Payne 1968; Hartlyn 1988; Gutiérrez Sanín 2007).

In order to achieve its goals the NF aimed for the professionalization of the politicized bureaucracy and the rationalization of budget allocations. Both parties recognized that clientelism caused broad changes in personnel every time power shifted from one party to another, leading to gross state inefficiencies and strong partisan conflict (Payne 1968; Schmidt 1974; Gutiérrez Sanín 2007, ch. 2; Leal Buitrago and Dávila 1990; Dávila and Delgado 2002). The Pact of Sitges (July 1957), the "peace treaty" between the parties later included in the Constitution, proposed that administrative positions be filled by meritocratic appointment, with bureaucrats prohibited from intervening in political controversies, and sanctions for those who abused public office (Schmidt 1974, 431-436).

In an effort to fulfill these promises, Liberal Alberto Lleras Camargo (1958-1962), the first NF president, undertook ambitious reforms. A first set of changes included the creation of a new administrative career, institutions to supervise the neutrality of public employees, and a national school for high bureaucrats, *Escuela Nacional de Administración*, modeled on the French *École Nationale Administratif* (interviews with Vidal Perdomo 2006 and J. Cárdenas 2008). A second reform effort focused on economic institutions. For the Front's development strategy to work it was



crucial to strengthen economic institutions, depoliticize budget expenditures and professionalize policy making by appointing technocrats (Mares 1993; Juárez 1993a; 1993b). The second set of reforms accounts for the entry of economic experts in the state.

The existing institutional configuration of economic policy making in Colombia had drastically limited the government's ability to manage the economy and respond to external crises. Among other problems, a strongly partisan Congress retained considerable control over the adoption and execution of the budget (Juárez 1993a, 76-78; Mares 1993, 462-463). Congressmen used these powers to restrain the executive's policies or to provide particularistic benefits for their constituencies, such as raising workers' wages or increasing tax benefits for special interest groups (Mares 1993, 463-464; interview with Urrutia 2006). Additionally, the board of directors of the Central Bank in charge of monetary policy was composed by bankers and not state officials (Mares 1993, 460).

In an effort to control and rationalize public expenditures President Lleras Camargo enhanced the power and technical capacity of the National Planning Office (later called National Planning Department, or NPD) (Caballero Argáez 2008; Urrutia 2008; Juárez 1995, 103-113). Formally dependent on the Presidency, the NPD, together with the MF, was placed in charge of the budgetary process. Two economists with postgraduate studies at Harvard and masters' degrees from Oxford and the London School of Economics were appointed as NPD directors during Lleras' term. Another reform was the creation of a special council, initially composed of two executive

ministers and two members of congress, to coordinate development investment (*Consejo Nacional de Política Económica y Planeación*). Later, two technical advisors were assigned to the council (Mares 1993; Juárez 1993a ; 1993b).

But not only domestic processes contributed to experts' appointment in economic institutions. International linkages and leverage also enhanced politicians' need for technocratic recruitment. Linkages with IFIs and foreign aid agencies prompted efforts toward technical rationality in budget allocation.<sup>1</sup> Also, the Alliance for Progress, a U.S.-sponsored program to support democratic countries in Latin America, offered considerable funds to states joining the program on the condition that they present a development plan. The NPD designed a ten-year plan to fulfill this requirement and obtain these funds (Botero 2005, 19).

More important than these linkages, external leverage increased the executive's need for economic expertise. Balance-of-payments crises in 1957, 1961, 1963 and 1965 forced the government to negotiate with the IMF in order to obtain new loans to balance the budget (Berry 1980, 289). Both Alberto Lleras and the NF's second President, Guillermo León Valencia (1962-1966), relied on economists with the necessary skills to negotiate with IFIs. The IMF demanded substantial devaluation to solve the crises, which in 1957 and 1962 had threatened political stability. IFIs' pressures induced the government to design technical counter-proposals that only highly trained economic experts could elaborate (Grindle and Thomas 1991, 5; Mares 1993; Botero

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<sup>1</sup> The demand for a professional planning office was not new: as early as 1949 the World Bank's first international mission was sent to Colombia and recommended such a reform (Sandilands 1990).

2005; interview with Botero 2009). Although these economic crises were by no means comparable to the hyperinflationary disasters of the eighties, they did contribute to the recruitment of experts.

As a result, economic technocrats in the executive branch gained more control over economic policy. These changes happened incrementally, frequently by using (and abusing) presidential powers for declaring states of siege and emergency. Because of the 1962 crisis, for example, President Valencia reformed the planning council and renamed it (*Consejo Nacional de Política Económica y Social*, or CONPES). The reform basically excluded members of Congress from holding positions in this institution. Valencia was also able to have Congress approve the creation of a Monetary Board composed only of members of the executive. In a pattern that started to become generalized, this new board also included two technical advisors (Mares 1993, 463).<sup>2</sup>

As discussed in detail below, these newly appointed experts not only helped the executive to achieve more control over the economy but they also brought into the state a whole new set of ideas and an agenda that transcended immediate executive interests. Experts also maneuvered to entrench their autonomy and to shift the development model of the country towards a greater outward orientation (Juárez 1993a, 467-468; 1993b, 25).<sup>3</sup> Before the NF, Colombia had an import substitution industrialization (ISI) model that conceded extensive protective tariffs to industrialists. Additionally, coffee exporters received special benefits, such as an inflation rate

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<sup>2</sup> Law 21 of 1963. The Board consisted of the Ministers of Finance, Development, Agriculture, the Head of the Planning Department, the Manager of the Bank of the Republic, and two permanent technical experts.

<sup>3</sup> Decree Law 444, March 1967.

independent of that adopted by the *Banco de la República* (Juárez 1993a; 1993b; Mares 1993). By the end of the NF, by contrast, the development model had become considerably more outward-oriented (Berry 1977, Juárez 1993b, 26; Mares 1993).

These technocratic trends matured when President Carlos Lleras Restrepo (1966-1970) strengthened economic institutions even more, specifically the NPD. The NPD now had the task of authorizing public investment, administering external loans, and designing a national development plan at the outset of each government. Lleras additionally reinforced CONPES in order to centralize development and economic policy decisions (Thorp 1991, 150). The NPD's director became the General Secretary of CONPES, which increased considerably the NPD's control over public investment in general (Grindle and Thomas 1991, 83-87). Lleras surrounded himself by what is now identified as the first generation of Colombian technocrats: Rodrigo Botero, Economic Secretary of the Presidency; Édgar Gutiérrez, Director of the NPD; and Hernando Gómez (1964-68), Jorge Ruíz Lara (1965-1969) and Miguel Urrutia (1968-1970), advisors of the Monetary Board. The first steps were also taken toward the creation of a self-perpetuating technocracy, as other young officials, now senior members of the Colombian technocracy, came to occupy leading positions in the NPD (e.g., Roberto Junguito, Guillermo Perry and Carlos Caballero Argáez, among others).<sup>4</sup>

In 1967 another balance-of-payment crisis occurred, caused mainly by low international coffee prices, and led to a breakdown of the negotiations between the

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<sup>4</sup> For a report on the different generations of Colombian technocrats see *Cambio*, "Los Nuevos Gurús de la Economía," N. 816, February 2009.

government and the IMF. The Colombian government rejected the fund's demands for a substantial devaluation (Juárez 1993b, 24; Díaz Alejandro 1976, 184-206). In a televised speech, Lleras explained to Colombians that the “unfortunate differences” with the IMF were based on this institution's “anti-technical” demands (Thorp 1991, 148). The alternative was the adoption of a solution designed by experts: a “crawling peg” exchange rate which entailed gradual devaluations. In 1969, Lleras and his team also achieved a constitutional reform that further reduced Congress's role in economic policy making.<sup>5</sup>

An incident shortly after the end of Carlos Lleras' government demonstrates how maintaining high technical levels in economic institutions was an important requirement for Colombian presidents as early as the 1970s. Conservative President Misael Pastrana (1970-1974), the last NF President, confirmed the appointment of Jorge Ruíz Lara, former advisor of the Monetary Board and member of Lleras' technical team, as head of the NPD. Some months later, however, Pastrana clashed with Lara and NPD officials, which led to Lara's resignation (Gutiérrez 1997; Schmidt 1974, 442-443). The conflict centered on Pastrana's disagreement with the priorities of the development plan approved by Lleras, but his actions were perceived as an effort to politicize the NPD to the advantage of the incumbent. Liberal leaders criticized Pastrana's decision for breaking the commitment to non-partisan economic policy (interview with Perry 2008). Experts also showed their disagreement with the decision and warned about the costs of

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<sup>5</sup> However, the reform was costly for the executive. In exchange, congressmen received discretionary expenditure funds (“auxilios parlamentarios”).

politicizing the NPD (Schmidt 1974, 442-443).<sup>6</sup> Ultimately, those criticisms led Pastrana to appoint an expert, Roberto Arenas, as head of NPD. Though a Conservative loyalist, Arenas had a technical education that guaranteed a responsible, non-partisan management of the NPD. The prestigious economist Lauchlin Currie became Pastrana's and Arenas' advisor, a clear signal by the president that partisan use of the NPD would not be tolerated (interview with Arenas 2006). Even though several members of the departing economic team, as well as ex-president Lleras Restrepo himself, criticized Pastrana's new development plan, its technical quality was not in question (Arenas 1972, 3; CORP 1972; interview with Botero 2009).

From these years onward there has been technical autonomy in Colombia's economic policy making. The next election was won by Liberal Alfonso López Michelsen (1974-1978), who hired back the same experts that left the state during Pastrana's government. The tendency to appoint technical cadres has not only been maintained under technically inclined presidents, such as Virgilio Barco (1986-1990), César Gaviria (1990-1994) and Juan Manuel Santos (2010-), but also under more "political" leaders such as César Turbay Ayala (1978-82), Belisario Betancur (1982-86) and Álvaro Uribe (2002-2010). Furthermore, this autonomy remained high in both good economic times (the early seventies, the early nineties, and late 2000s) and during international economic crises (in the sixties, late seventies, early eighties and late nineties). Moreover, experts remained influential during strong bipartisan rule (1958-

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<sup>6</sup> *El Tiempo*, "Explica Renuncia y Critica al Gobierno," December 21<sup>st</sup> 1970; *El Tiempo*, "Mensaje de los técnicos de Planeación Nacional," December 22<sup>nd</sup> 1970.

2002), but also under a hegemonic President, Álvaro Uribe (2002-2010). The academic and professional credentials of top economic officials in the last five decades provide evidence of this technocratic continuity. As Table 2 shows, this technical level has increased consistently through time.

**Table 2: Colombian Economic Official (1958-2011)**

<b>Ministers of Finance</b>	<b>Individuals(1)</b>	<b>Economists (BA or MA)</b>	<b>Graduate Studies in the US or Europe</b>	<b>PhD</b>	<b>Previous State Position in MF, NPD or Central Bank</b>	<b>Worked for Business before or after appointment</b>	<b>Member of Incumbent Political Party (2)</b>	<b>Worked for IFI before or after appointment</b>
1958-1974	12	4	5	1	2	3	7	2
1974-1990	10	7	5	1	4	5	2	4
1990-2011	10	10	10	5	8	7	3	7
<b>Directors of NPD</b>								
1958-1974	10	7	7	1	5	3	3	1
1974-1990	9	6	8	1	8	5	1	3
1990-2011	10	8	9	6	9	6	1	7

Sources: Palacios 2001 and Meisel Roca 1997 and archival research.

1. Three individuals, José Antonio Ocampo, Eduardo Wiesner and Juan Carlos Echeverry, both held the position of Minister of Finance and Director of NPD. Roberto Junguito was Minister of Finance on two occasions (1983-1984; 2002-2004).

2. Formally, from 1958 to 1998 almost all individuals were sympathizers of one of the two traditional political parties. I count as politicians only those individuals who held elected positions at any level (local, congress or executive).



Economic advisors to the Monetary Board also show this high level of expertise. I focus on these particular officials only until 1991, when the bank gained institutional autonomy due to constitutional reforms that created an independent board of directors in the Central Bank. The board appointments have also been overwhelmingly technocratic, including several past NPD directors and ministers of finance (Palacios 2001).

**Table 3: Economic Advisors to the Monetary Board (1958-1991)**

<b>Economic Advisors of the Monetary Board</b>	<b>Individuals</b>	<b>Economists (BA or MA)</b>	<b>Graduate Studies in the US or Europe</b>	<b>Phd</b>	<b>Previous State Position in MF, NPD or Central Bank</b>
1962-1991	17	12	10	7	15

Sources: Palacios 2001, Meisel Roca 1997, and archival research.

Some academics suggest that bipartisan rule largely explains technical entrenchment in economic policy (Kline 1983, 105-107; Meisel Roca 1997). Similarly, NF politicians highlight the intention of reformist presidents to insulate the economy as the main cause of technical continuity (interviews with Morales Benites 2008 and Llorente 2008). Both these arguments do not take into account that several of the NF's reforms were never implemented or fell short of their goals. Large parts of the public bureaucracy remained unprofessional, and clientelism increased during the NF (Leal Buitrago and Dávila 1990; Gutiérrez Sanín and Dávila 2000; Gutiérrez Sanín 2007, 146-147; Wilde 1978). The National School of Management did not gain the reputation of providing high quality education (interview with J. Cárdenas 2008), and social reforms did not advance significantly (Hartlyn 1988, 112-118). Agronomists and health experts

failed to achieve a similar entrenchment after the end of the NF (interviews with Junguito 2008 and Ordóñez 2006). In contrast to their initial promise of modernizing the Colombian state, in most policy areas the parties learned how to share the spoils. What explains the exception, the economic technocracy?

### ***COMPETING PERSPECTIVES: POLITICIANS AND BUSINESS***

Two alternative perspectives to my technocratic autonomy theory aim to explain technical continuity in Colombia: a “political agents” perspective and a structural one. Miguel Urrutia argues that the technocratic nature of economic policy making is dependent upon politicians’ need to maintain their clientelistic resources (Urrutia 1991). Urrutia explains the absence of economic populism in Colombia via politicians’ awareness that macroeconomic stability is necessary for nurturing their clientelistic machines. As such, “rational” politicians made the choice during the National Front to leave economic policy in the hands of experts.

Urrutia is correct in highlighting that political parties have restrained their intervention in economic policy. In contrast to Urrutia, however, I argue that technocratic policy making is more a cause than a consequence of this outcome.<sup>7</sup> Two reasons make me reject his theory. First, Urrutia attributes the rejection of populist policies to the desire to protect a higher political interest: clientelistic resources. If this argument were true, experts’ power would merely be conceded by politicians. But this image of political

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<sup>7</sup> Although Urrutia acknowledges that technocrats are important actors in Colombia, his main factor explaining independent economic policy is parties’ decision not to interfere in the economy.

moderation is exaggerated. On the contrary, evidence of experts' autonomy is that they are able to effectively restrain political control over clientelistic resources, allegedly politicians' higher interest. Budgets and National Development Plans are first designed in the MF and NPD and are then debated in Congress, which negotiates earmarks, but not broad changes that affect fundamental macroeconomic lines. The NPD restrains politicians' access to patronage spending. As a result, the budget deficit remains under control, although demands for additional expenditures are common. Even without formal protections to guarantee its independence, the NPD has counterbalanced strong clientelistic forces in Colombia (interviews with Echeverry 2007, Gaviria 2007, Montenegro 2007 and Santa María 2007).

My interviews with experts and politicians clearly document this image of opposing forces. As described by one of the most powerful electoral barons in Colombian history and president of the Senate's budget commission for two decades, Senator Victor Renán Barco, the relation between traditional politicians and technocrats is one of "tense cordiality." Experts and politicians see one another as limitations on their preferences: experts are frustrated at not being able to reduce clientelism drastically; politicians are limited by experts' control over resources (interview with Barco 2006). This view is confirmed by ex-ministers of finance such as Hommes and Junguito, and ex-director of the NPD and now Minister of Finance Echeverry, who consider negotiating skills one of the crucial assets needed by finance ministers in Colombia, who must spend a considerable amount of time meeting with politicians and dealing with their

particularistic demands. Experts keep a tight vigilance over congress, opposing policy proposals that could affect prudent economic management and advancing technical policies through careful negotiation (interviews with Echeverry 2008, Hommes 2008, Junguito 2008 and Botero 2009).

Also, Urrutia's theory assigns too much rationality to politicians. With few exceptions, politicians lack the kind of technical skills that experts have. Politicians are aware of the political costs of economic crises, but they are less aware of the long-term consequences of economic policy decisions, especially if the decisions are highly technical. To credit politicians with the knowledge required to make a tacit pact to leave macroeconomic policy off limits assigns too much rationality to politicians and too little leverage to experts. The image of competing forces, with experts checking and balancing politicians who, if allowed, would demand more resources, is closer to reality than Urrutia's rational theory.

A second argument to explain technical continuity in Colombia focuses on structural forces and business actors as the source of experts' influence. Estrada, for example, argues that the Colombian technocracy is closely related to dominant economic interests in the country. During the aftermath of the NF, experts achieved a certain level of autonomy from local interests, but mostly for structural reasons (Estrada 2005). This "relative" autonomy was based on the balanced conflict between industrial and export interests, which provided experts with enough room to gain some independence. This period was short-lived, though, as transnational interests and their domestic allies became

dominant in the eighties; and since then, experts have become neo-liberal in their approach. Similarly, Ahumada (1996) attributes market reforms to the dominant interests of transnational economic elites and their local allies.

Business interests are certainly important in Colombia and, as I argue below, have contributed indirectly to technical continuity. Colombia boasts several well-organized business associations that constantly provide opinions about economic policy; in doing so they limit politicians' intervention in this policy arena. Economic policy consultation between the state and business is common. These associations enjoy substantial access to state officials, partly resulting from a fluid movement of technical cadres from business to the state and vice-versa (interviews with Echeverry 2007, Junguito 2007 and Montenegro 2007).

Nonetheless, these structural theories greatly exaggerate the power of economic forces over technical cadres. Technocrats enjoy autonomy from these actors. To begin with, experts usually conflict with economic forces because a more technical management of the state inevitably affects particular interests. In Colombia, for example, experts faced coffee and industrial interests and struggled to exclude them from policy making and tax their business activities (interview with Perry 2008).

Additional evidence of technical autonomy is that experts manage information selectively and strategically, and do not share it with business actors. The Colombian management of an economic crisis in the early eighties, for example, shows this distance from business (Thorp and Durand, 223). The economic team led by Minister Roberto

Junguito (1983-1984) was forced to enact a significant currency devaluation and then try to prevent inflation. The team succeeded in achieving these goals through a reform plan that was kept secret from business and politicians outside the Executive (Thorp 1991, 185-190; interview with Junguito 2007). In order for the economic plan to work, businesses had to be unaware of the steps being prepared by the Ministry of Finance, and the economic team achieved this secrecy showing that there is no relation of subordination.

More generally, a crucial problem with structural theories is that the causal relationship proposed as inevitable (economic forces determining public policies) does not hold in Colombia. The opposite is sometimes true: state policies, designed and implemented by experts, can in some occasions modify the economic structure of the country. Since their appointment to state positions, Colombian experts have usually supported the transition to an export-oriented economy less dependent on one product (coffee) and have slowly moved in that direction. During the NF these preferences forced *técnicos*' clash with entrenched industrial and coffee interests. The incentives that experts introduced for non-traditional exports helped these new sectors gain considerably greater weight in the economy. Neither coffee nor industrial interests showed support for switching to an economic model that did not favor their special interests (Juárez 1993a; 1993b; Mares 1993; Urrutia 1983, 42-3). After 1967, non-traditional exports grew impressively: from 15% of all exports in 1962 to 46% in 1972 (Botero 2005; Juárez

1993b, 27-28). Coffee gradually lost its predominance from 67.8% of total exports in 1963 to 52.2% in 1967 and a mere 20.9% in 1990.

Similarly, market reforms in the late eighties and especially in the early nineties were driven by experts; business associations did not show a strong interest in pushing for these reforms. Experts planned and successfully achieved market reforms even against political and business opposition. Reforms started at the end of President Virgilio Barco's government (1986-1990) (Juárez 1993b; Juárez 1995, 156). Barco's economic team designed a plan to start the market reform process, which was largely kept behind closed doors to prevent opposition. The government then suddenly reformed commercial law, reducing 861 protective tariffs, a measure criticized by business leaders for lack of prior consultation.<sup>8</sup> Only afterwards did economic officials meet with business associations to explain the necessity of the reform.

Market reform really gained speed and depth during the government of César Gaviria (1990-1994). Under Minister Rudolf Hommes, public enterprises were privatized and commercial laws were deeply transformed (Edwards and Steiner 2007; Juárez 1995, 156-170). The government eliminated all import licenses, with the exception of some for agricultural products, and tariffs were reduced from an average of 44.6% in 1989 to 9% in 1994 (Reina and Zuluaga 2006, 138; interview with Reina 2008). Some economic associations favored the reforms, others acquiesced to an outward-oriented model as a necessity, whereas some others opposed these changes; but in general business

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<sup>8</sup> *El Tiempo*, "La apertura económica: a mitad de camino," December 30<sup>th</sup> 1990.

associations adopted a wait-and-see attitude (Cepeda 1994; Juárez 1995; interview with Rettberg 2009).<sup>9</sup> These expert-designed reforms changed even further the structure of business interests. Business in turn had little impact on the design of the reforms (interviews with Junguito 2008 and Urrutia 2008). Theories about external pressures from IFIs can also be discarded because IFIs lacked the mechanisms to push for market reforms in a country with a stable economy.

The explanation for the Colombian reform is found in experts' ideas. As pointed out by Rudolf Hommes, the minister of finance who pushed these reforms forward during the Gaviria government, Colombian experts were able to implement market reforms before economic conditions worsened, in clear contrast to other countries in the region (Cepeda Ulloa 1994; Edwards and Steiner 2008; interview with Hommes 2008). That is, market reforms were part of a preemptive movement to make the economy more competitive in line with experts' prescriptions; they were not the result of business pressures, political urgency or external demands. Thus, contrary to economic-structuralist arguments, the direction of causality runs from experts to business rather than the other way around.

Moreover, in contrast to the structural view, experts in Colombia have sought to insulate economic policy making from business interests. As mentioned, in the sixties

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<sup>9</sup> *El Tiempo*, "Apoyo del nuevo gobierno reclaman gremios nariñenses," August 2<sup>nd</sup> 1990; *El Tiempo*: "Gremios del agro arremeten contra la apertura," September 6<sup>th</sup> 1990; *El Tiempo*, "Agro: apertura con protección," 20<sup>th</sup> September 1990; "Creada comisión rural para defender intereses del campo," 21st September 1990; "Contraescape," October 4<sup>th</sup> 1990 (about criticisms of the reforms from small industrialists and commerce); "Pese a las dificultades, para los empresarios es irreversible la apertura: ya no se puede devolver," 14<sup>th</sup> October 1990; "Agricultores y apertura," November 6<sup>th</sup> 1990; "Apertura: los pies sobre la tierra," 15<sup>th</sup> December 1990.



technocrats succeeded in creating a monetary board composed only of members of the executive (Juárez 1993b, 23). Later, in the eighties, technocrats sought to further insulate the monetary board as well as reduce its power to provide special benefits to business interests and political elites (Botero 2005, 23). The 1991 Constitution gave this responsibility to an independent board in the Central Bank, as numerous economic experts had proposed (De Brigard 1995; Hommes 1988). The reform was designed by technical officials from the Central Bank and supported by Finance Minister Rudolf Hommes (Hommes 1995).

Economic experts in Colombia, then, cannot be considered the product of enlightened politicians' choices or mere agents of business actors. Since their appointment economic experts have acted as autonomous forces in Colombian politics. In the following section I use my theory of technocratic autonomy to show how experts' actions were conducive to greater technocratic autonomy.

### ***EXPLAINING TECHNOCRATIC AUTONOMY IN COLOMBIAN ECONOMIC POLICY***

As mentioned, domestic and international factors contributed to the appointment of experts in Colombia. Once experts were in their posts, politicians' dependence on technocrats in the Ministry of Finance, the NPD and the *Banco de la República* gradually grew. Technocrats boosted their position by providing contacts with IFIs, taking control of international negotiations, keeping track of ongoing reforms, and designing development plans for new governments (interview with Caballero Argáez 2007). But experts were also aware that profound changes were necessary in order to keep economic

policy under their prudent technical management. The crisis conditions that led to experts' appointment were not dramatic enough to give them substantive control over these policy areas. As a result, experts' effort to craft their long-lasting autonomy became more relevant for this outcome. Rodrigo Botero, one of the first economic technocrats, calls the gradual process of technical entrenchment in the Colombian state an "intelligent design" (Botero 2005, 1995). In this section I first discuss two of experts' strategies to entrench their autonomy. Next, I detail how experts' strategies benefited from the high scores in the four factors highlighted by my theory.

I identify two strategies through which Colombian experts established and maintained their autonomy in economic policy. First, *técnicos* purposefully made technical knowledge a requirement for participation in economic policy making in order to exclude less qualified individuals. Second, regarding institution building, experts adopted formal and informal rules to guarantee meritocratic recruitment in economic policy areas. Furthermore, they took steps to enhance and make more influential the epistemic community of economists within Colombian society.

First, expertise proved a highly valuable resource in defeating and marginalizing other actors who used to exercise considerable influence over economic policy making. Technocrats changed the terms upon which economic policy was debated and adopted in Colombia (interviews with Botero 2009 and Urrutia 2008). Technocrats were aware that their superior knowledge gave them an advantage over other actors, and purposively exploited this knowledge. Experts demanded that, to be taken seriously in any policy

argument, their interlocutors or critics must have mathematical and statistical skills. The low level of technical skills found among Colombian politicians in those years enhanced the effectiveness of this strategy; economic expertise was a particularly appealing credential because experts' opponents lacked it almost completely. Previous economic policy makers, usually lawyers linked to political parties and business groups did not have similar technical abilities. Therefore these new experts easily managed to override their arguments. As detailed when discussing my first factor (technical complexity), this technical asymmetry proved crucial for excluding these actors and entrenching technical autonomy.

A second strategy through which experts entrenched their autonomy was to adopt formal and informal institutions to guarantee the continued appointment of *técnicos* in economic policy areas and prevent politicization. Members of the economic team sought to institutionalize the NPD by developing informal networks with other experts in the bureaucracy, establishing linkages with political and economic elites, and reinforcing an internal culture of meritocratic excellence (Juárez 1995, 107; Grindle and Thomas 1991, 84-87). Similar strategies were followed in all economic institutions. In order to guarantee technical recruitment, an informal rule was adopted in the NPD, MF and the *Banco de la República*: only officials with postgraduate studies in economics or a related technical field should be appointed to the higher ranks of these institutions. With very few exceptions, to reach the top position in the NPD it is, to this day, informally required

that the candidate is, at a minimum, engaged in studies at the PhD level (interview with Urrutia 2006; Urrutia 1991, 385).

Additionally, in order to ensure a continuous supply of candidates with adequate technical credentials and reinforce an internal meritocratic culture, Colombian economic institutions offered scholarships to their members to pursue graduate studies abroad. To apply for these scholarships candidates must win acceptance by a prestigious foreign university, thus reducing the possibility of party-sponsored candidates. *Banco de la República* started these programs in the seventies. The scholarships are ultimately loans, but they can be “paid” by working in the Colombian state for a number of years and through contributions to academic excellence (e.g., publication in a refereed journal reduce part of the loan). In 2005 the bank had twenty-one employees with PhDs in economics while another sixteen employees were abroad completing their PhD studies (Botero 2005, 23). Similarly, since the sixties the NDP has received foreign agencies’ support to provide scholarships to its members. In 1986 this institution adopted a similar program to the one instituted by the *Banco de la República* (Juárez 1995, 108). Between 1986 and 2008, 215 officials of the NPD received scholarships for postgraduate studies abroad (Rentería 2008, 94). Although the salaries received by technocrats are not high when compared with equivalent private sector jobs, these academic incentives and the prestige of working in highly reputable institutions has made these agencies attractive for

qualified candidates (interviews with M. Cárdenas 2008, Echeverry 2008 and Santa María 2008).<sup>10</sup>

Also, experts have sometimes created and reinforced institutions in charge of enforcing their policy preferences. The reforms to enhance non-traditional exports undertaken during the National Front, for example, included the creation of an insulated technocratic institution, ProExpo, which was in charge of financing and promoting these exports (Díaz Alejandro 1973). In order to prevent its politicization, the institution's governing board was composed of business representatives and technical experts.

Experts not only raised the technical level of economic policy within the state, but also sought to increase the legitimacy of their technical approach to a broader audience. They did so by creating and strengthening civil society institutions, and promoting the technical study of economics. Colombia nowadays has a strong “epistemic community” in economics with several journals and newspapers devoted to economic analysis. Technocrats also write OpEds and actively participate in public debates. This community of economists constitutes an important support group for Colombian experts and acts as a watchdog that limits political discretion over economic policy. However, this community has not always possessed the strength that it does today. In earlier decades not only did politicians and business people lack economic training, but national newspapers also lacked economic analysts who could explain to the general public the benefits and costs

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<sup>10</sup> According to Echeverry these informal incentives attract very competitive candidates to the NPD. During his term in the NPD he had eleven PhDs among his staff, even though their salaries were under US\$2000 per month.

of economic decisions (Botero 1995). The obvious weakness of economic expertise in the sixties motivated technocrats to work toward improving it.

The Department of Economics at the Universidad de los Andes, especially its *Centro de Estudios sobre Desarrollo Económico* (CEDE), has, since the fifties, been a first-class center of economic research and technical training. Thanks to linkages with international academic institutions that included special summer courses with first-rate academics in Bogotá, Los Andes has helped to sustain a constant flow of students to PhD programs in the U.S. Also, since the late sixties, state institutions such as the NPD and the *Banco de la República* have become centers of research, publishing economic journals and books focused on development, economics, and public policy, including articles in English to facilitate access to the most current research.<sup>11</sup>

More crucially, Rodrigo Botero, with the support of business leaders and foreign agencies, created in 1970 what became a highly reputed independent think tank and training center for the Colombian technocracy: *Fundación para la Educación Superior y el Desarrollo*, Fedesarrollo (Botero 1995). The goals of its creators were to produce reliable economic information, which was nonexistent in Colombia at the time; conduct non-partisan analysis of public policy; train new generations of Colombian experts; and alert the public about challenges facing the economy. Fedesarrollo's academic output is praised for its high technical standards and has turned into a model for technical

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<sup>11</sup> Banco de la República has published *Revista del Banco de la República* since 1930 and more recently *Ensayos Sobre Política Económica*; *Planeación y Desarrollo* by the NPD has appeared since 1969; *Desarrollo y Sociedad* from CEDE started in 1979. Eight universities in Colombia publish peer reviewed economic journals.

institutions around the world (Gutiérrez Sanín 1997; Botero 2005; Braun et al. 2007). The same experts that initially design these proposals within the institution frequently go on to implement them as state officials.<sup>12</sup>

There are many examples of policy proposals elaborated by Fedesarrollo. For instance, in the eighties Fedesarrollo investigated the effect of liberalizing reforms on Colombia and examined the difficulties of implementing such measures (Ocampo and Sarmiento 1987; Lora 1991; Amadeo 1993). In the nineties, the focus turned to the new institutions adopted in the 1991 Constitution and their problematic consequences for long-term economic stability (Lora and Lanzetta 1995; interview with Santa María 2008 and Steiner 2009). This research prompted concerns that were voiced throughout the nineties, continuing in our current decade, and have led to reforms to rationalize public expenditures (Lora and Scartascini 2009). Fedesarrollo's influence on employment policies was also considerable (Braun et al. 2007, 14-20). Since the late nineties and especially during the last few years, Fedesarrollo has warned the government about the

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<sup>12</sup> The following excerpt from a report about think tanks in Latin America shows this influence: "Many [top researchers and directors] have participated in the preparation and execution of economic and social policies. For example, many of Fedesarrollo's former Executive Directors have held offices of enormous influence not only in Colombia, but also internationally: Rodrigo Botero has been Minister of Finance of Colombia; Roberto Junguito rose on several occasions to the State, becoming Minister of Finance and Agriculture and board member of Colombia's Central Bank (*Banco de la República*); Miguel Urrutia became a Director of National Planning, Minister of Energy, and is still involved in policy issues as governor of *Banco de la República*; José Antonio Ocampo has been a former Minister of Finance, Minister of Agriculture, Director of National Planning and Executive Director of ECLAC (currently Undersecretary for economic Affairs of the United Nations); Guillermo Perry has been a former Minister of Energy, and Finance (currently he is the Chief Economist for Latin America and the Caribbean at the World Bank); Eduardo Lora became Senior Advisor of the Research Department at the Inter-American Development Bank and Juan José Echavarría trespassed to the *Banco de la República* where he became a board member. The actual executive director of Fedesarrollo, Mauricio Cárdenas, also held important positions in the Colombian administration where he served in several occasions as Minister of Economic Development (1994), Minister of Transportation (1998-1999) and Director of National Planning (1999-2000)" (Santiso and Whitehead 2006, 22-23).

increasing costs of the health system for the public budget (Fedesarrollo 2009; 2010; interview with Santa María 2008).

As a result of all these strategies, Colombian technocrats have achieved their own recruitment process and informal career track. Commonly students in the economics department of the *Universidad de Los Andes* do internships in state economic institutions, in CEDE or Fedesarrollo. Then they rise to intermediate positions in state economic institutions. The scholarships provided by these institutions allow these young experts to obtain further specialized training in first-class foreign universities and then return to Colombia to assume higher positions in the state. Current Ministers Juan Carlos Echeverry (Minister of Finance) and Mauricio Santa María (Minister of Health), for example, have followed this career path.

Although important, experts' strategies do not provide the complete explanation for technocratic autonomy and its entrenchment. High scores in the four factors identified by my theory of technocratic autonomy explain the success of Colombian technocrats to entrench their autonomy.

Regarding my first factor, the complexity of economics favored experts' autonomy. As discussed previously, experts used their superior skills to further enhance the complexity of policy making in economic policy. From then on economic policy became a highly technical discipline, only accessible to those with Experts' mathematical, econometric, and statistical knowledge vastly exceeded those of others actors, making it easier for them to take control over economic policy making.



As mentioned, the Universidad de Los Andes and CEDE, as well as foreign institutions, supported students to conduct postgraduate studies in economics in highly reputable universities. The idea was that these young PhDs would return to teach and conduct research in Colombian universities, but many returned to work in the new economic institutions (interviews with Junguito 2008, Perry 2008, Urrutia 2006). The new crop of *técnicos* brought with them econometric and mathematical skills that were not common by any mean in Colombia, and that marked a clear difference from political and bureaucratic actors previously in charge of economic policy.

The new experts called the actors in charge of economic policy before them “*empíricos*,” indicating that their alleged expertise came from experience and not from real academic knowledge (Montenegro 2010, 16; Botero 2004, 17). Ex-minister Rodrigo Botero recalls that it was common to hear in cabinet meetings nationalistic speeches justifying tariff protections or predicting dire consequences if experts’ proposals were approved. The National Federation of Coffee Growers, for example, highlighted the importance of coffee to the Colombian economy in order to claim that the interests of coffee producers were congruent with national interests. Experts opposed these rhetorical claims with economic models and projections, calculated by the first computers to reach Colombia (Botero 2004, 17). The projections showed that the alleged negative consequences of technical policies were much less severe than predicted and that particular coffee interests were less compatible with the “national interest” than claimed.

From those years on, economic policy debates in Colombia continuously increased in technical caliber. According to Botero, this enhancement of the state's technical capabilities later prompted an increase in technical capabilities in business associations. Now business' policy proposals had to be justified in more technical terms (interview with Botero 2009; Botero 2004, 17).

This complexity also enhances experts' leverage by making the consequences of policy decisions difficult for politicians to assess. Experts can point to risks not clearly perceived by the incumbent. In the eighties, for example, the Ministry of Finance advised politicians and bankers to resist the Latin American tendency of borrowing money from international banks (Thorp and Durand, 223). Technocrats alerted the incumbent to the risks of taking out large loans and encouraged politicians to stand firm against international and local business pressures (Botero 2005, 22; Botero 1976). The incumbent followed experts' advice. This decision, criticized by politicians and business associations, largely explains the limited effects of the debt crisis on Colombia compared to other Latin American countries. In sum, the complexity of economic policy, especially in a context in which economic knowledge was rare, allowed experts to gain control over this policy area.

The second factor, consensus among experts, was also high. This factor is crucial to explaining the success of experts' strategies and the early emergence of a technocracy in Colombia. This fundamental agreement legitimates experts' favored policies among the epistemic community of Colombian economists, thus making it more difficult to

justify any deviation from their policy prescriptions. If individual experts are replaced or fired, the incumbent is informally pressured to appoint other experts sharing similar policy preferences.

The young experts who entered the state in the late fifties and sixties shared a consensus about economic policy. This group of experts brought to Colombia a solid core of economic ideas that was prevalent in prestigious foreign universities. This fundamental consensus advocated a tight control of the public deficit, a prudent approach to monetary policy, the need to diversify markets through export-oriented development, and a rejection of inflationary policies (Meisel Roca 1993; Botero 2005, 21; Urrutia 2008, 72; interviews with Junguito and Perry).

In line with these ideas, experts opposed what they considered as negative and costly aspects of Colombia's ISI model as well as the economy's over-dependence on coffee exports. Like their political superiors, experts disapproved of the institutional framework of politics and policy making that limited the power of the Executive over economic policy, but they also regarded many other reforms as necessary. Once they occupied influential positions, *técnicos* took gradual but firm steps toward reducing Colombia's dependence on coffee exports and retrenching state participation in areas of the economy where the state lacked a competitive advantage (e.g., in communications as well as in ports and energy distribution) (Botero 2010, 7).

The level of consensus among experts during this period was remarkably high when compared to economic debates in other Latin American countries. These debates,

which the next chapter discusses in the context of Peru, were inspired by competing paradigms of economic policy. In Colombia, on the contrary, experts debated about the economy in technical terms while agreeing on basic ideas of what constituted adequate policy. For example, the strong criticisms of President Misael Pastrana's (1970-1974) development plan were made in highly technical terms (CORP 1972). Similarly, in the eighties experts debated the "correct" degree of market liberalization in diverse forums, but they agreed on the overall thrust of policy reform (Ocampo and Sarmiento 1987; Lora 1991).

Colombian experts are sometimes separated into various factions according to what some observers call different ideological positions. Experts displayed these particular differences in the debate during the eighties and nineties about the proper degree of liberalization of the economy (Estrada 2005, 297-298). Also in 1990, during the process of enacting market reforms, Finance Minister Rudolf Hommes and his economic team clashed with Development Minister Ernesto Samper and his technocratic advisors (José Antonio Ocampo and Guillermo Perry, two reputable technocrats) about the adequate degree and timing of the trade opening (Flórez Enciso 2010).<sup>13</sup> However, according to two members of the Colombian technocracy who belonged to opposite sides of this supposed ideological spectrum, these differences were rather small (interviews with Steiner 2008 and Perry 2007). Furthermore, when compared to my first Peruvian episode, they appear even less significant.

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<sup>13</sup> *El tiempo*, "Hommes vs Samper. Primer Round," October 28<sup>th</sup> 1990.

As a result, Colombian politicians are limited in selecting their economic officials within a pool of experts that share this consensus. If not, these political decisions are easily criticized as irresponsible. As mentioned above, when President Pastrana clashed with NPD officials he appointed new experts that shared this broad consensus. Similarly, when President Alfonso López Michelsen (1974-1978) fired Minister Rodrigo Botero after a series of conflicts with business interests, López appointed a previous minister of finance who guaranteed technical continuity.<sup>14</sup>

My two exogenous factors also scored high in Colombia. As discussed in the first section, previous balance-of-payments crises made it very clear to Colombian politicians that bad performance in economic policy was politically costly. The incumbent's awareness of the political costs of an economic crisis insulates macroeconomic policy to a considerable degree. The uncertainty of international economic conditions and citizens' attention to economic issues makes this policy area a politically dangerous one for the incumbent. Technocrats are perceived by the citizenry as a guarantee of sound economic policy, and politicians are pressured to demonstrate their commitment to technical continuity.

Several episodes show how politicians are fully aware of these political costs. For example, the election of President César Turbay Ayala in 1978 shows how even clientelistic politicians were aware of the cost of not signaling their commitment to good economic policy performance. Turbay, a long-time Liberal *cacique*, based his power

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<sup>14</sup> *El Tiempo*, "Abdón Espinosa Valderrama, nuevo Ministro de Hacienda," December 18<sup>th</sup> 1976; *El Espectador*, "No habrá timonazo económico: Min-Hacienda," January 17<sup>th</sup> 1981.

within the party on his regional support and clientelistic machine (Gutiérrez Sanín 2007, 133). Turbay's candidacy was perceived as endangering the continuity of the technocracy. Among this leader's supporters, technocrats were portrayed as *anti-políticos*, taking away politicians' control over important decisions (Gutiérrez Sanín 2007, ch. 3). However, once on the campaign trail, Turbay was very quick to send signals about his commitment to fiscal responsibility, accusing his conservative rival of promising more than he could deliver and lacking economic realism.<sup>15</sup> After winning the election Turbay signaled his compromise to technical economic policy by appointing a widely recognized expert and part of his predecessors' economic team, Eduardo Wiesner, as director of NPD (1978-1980). Wiesner later became Turbay's second minister of finance. Turbay's first finance minister also guaranteed technical continuity.<sup>16</sup>

This case is not an exception. All presidential candidates in Colombia bow to technocracy on the campaign trail, as Turbay did. Candidates campaign with an economic team. The leader of this team is usually a member of the Colombian economic technocracy and is often appointed as Minister of Economics following the election. Ex President Ernesto Samper (1994-1998) stresses that these economic picks are crucial for conducting a promising campaign and gaining electoral credibility in Colombia, because these individuals must present the governmental plan to the citizenry, business, journalists, and other economic experts (interview with Samper 2007).

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<sup>15</sup> *El Tiempo*, "Betancur no sabe cuánto vale lo que ofrece: Turbay," May 4<sup>th</sup> 1978.

<sup>16</sup> *El Tiempo* "Habrá política económica sin sobresaltos," August 10<sup>th</sup> 1978.

The election of Álvaro Uribe (2002-2010) also highlights how even popular incumbents are extremely careful when handling the economy because of its potential political costs. In 2002 Uribe won with an impressive 52% of the vote, ending a 150-year-old two party system. After his election, Uribe and his main economic advisor during the campaign, Alberto Carrasquilla, met with three prestigious members of the Colombian technocracy, ex-finance ministers Roberto Junguito, Rudolf Hommes and Guillermo Perry, to discuss how to face the growing economic problems of the country (interview with Perry 2008). Uribe opted for the appointment of Junguito, a heavy weight technocrat, as a clear signal of continuity and fiscal responsibility from the first non-partisan president in 150 years. Although highly technocratic, Carrasquilla lacked the prestige to instill confidence of a prudent, non-politicized handling of the economy. Similarly, Santiago Montenegro, also a reputed member of the Colombian technocracy, was Uribe's first pick in the DNP. All these examples show the extreme awareness Colombian politicians have regarding mismanaging economic policy. This awareness contributes to technical continuity.

Regarding my second exogenous factor, since the sixties there has been a plural and balanced constellation of stakeholders in Colombia. Political parties, business associations, and IFIs share interests in economic policy making. Experts profit from these cross-pressures that limit the control of any actor over economic policy. *Técnicos* represent a guarantee to all actors that there will be no abrupt changes to the status-quo. As a result, experts have more leeway to advance their policies and remain autonomous.

For the most part of the period under study, two political parties shared power in Colombia, making it more difficult for incumbents to take control over economic policy areas. The party in the opposition kept a close scrutiny over the incumbent to prevent the use of economic policy in the incumbent's favor. Similarly, as discussed above, IFIs exercise pressure over the state to keep a sound economic policy, enhancing experts' autonomy.

Also crucial, since the sixties businesses interests in Colombia were relatively fragmented and became even more so due to experts' promotion of non-traditional export interests. Business associations are crucial stakeholders in the country and exemplify the effect of these cross-pressures over political actors. Colombia boasts several well-organized business associations. Among the most powerful of these associations are industrial interests (Asociación Nacional de Empresarios de Colombia, ANDI), banks (Asociación Bancaria y de Entidades Financieras de Colombia, ASOBANCARIA), coffee growers (*Federación Nacional de Cafeteros*), financial institutions (Asociación Nacional de Instituciones Financieras, ANIF), and more recently an "association of associations" (*Consejo Gremial*) (Schneider 2004; Juárez 1993b, 17). These associations are often headed by former Ministers of Finance or NPD Directors, and produce highly technical reports and proposals concerning economic policy. These groups organize public forums where experts are invited to debate about present and future policy options (interviews with Echeverry 2007, Junguito 2007 and Montenegro 2007). These groups' opinions tend to be very technical and, even when coming from particular interests, are



usually worded as promoting the general interest. In keeping a close eye over economic policy and debating demands that frequently contrast with those of politicians and IFIs, business actors enhance experts' autonomy.

As the conflict between Pastrana and NPD experts discussed above shows, as early as 1970 powerful actors expected the incumbent to respect the informal rule of appointing technocrats to economic institutions. Criticisms from Liberal party leaders contributed to the maintenance of a technical NPD. Uribe's government also highlights the importance of stakeholders to restrain a popular and charismatic incumbent in the absence of a strong political opposition. During Uribe's first government technical autonomy was put under pressure. Minister Junguito lasted a year in his position.<sup>17</sup> According to the press, it was Uribe's style, as well as his tendency to constantly voice his opinion about economic policy, that soon led to Junguito's resignation. The president, for example, publicly asked the Central Bank not to raise the policy inflation rate in what was interpreted as putting pressure on this independent institution (the bank raised it anyway, disregarding the president's advice). Junguito's resignation was seen as a worrisome trend by economic analysts who closely followed these events and viewed him as a minister with enough clout to limit the president's power.<sup>18</sup> Uribe appointed Alberto Carrasquilla, a minister with technical credentials, though less political aptitude.

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<sup>17</sup> *El Tiempo*, "Renunció Junguito," 7<sup>th</sup> June de 2003

<sup>18</sup> *El Tiempo*, "Reacciones," 7<sup>th</sup> June 2003.

The press immediately voiced economic and political stakeholders' worries and criticisms about this decision.<sup>19</sup>

Nonetheless, Carrasquilla quickly showed that he was by no means a puppet minister; instead, he opposed Uribe's intrusion in economic policy, as several clashes leaked to the public demonstrate.<sup>20</sup> In his second term (2006-2010), after winning his reelection bid with an impressive 64% of the vote and under significantly improved economic conditions, Uribe struck a stronger blow to economic expertise. For the first time in decades, a political minister was appointed to the MF: Oscar Zuluaga, a businessman with a master's degree in economics, but more importantly, a politician close to Uribe. Similarly, while the technical abilities of Uribe's second director of NPD were not in question, she did not have the credentials of her predecessors and was also considered too close to the president. Again, economic analysts in the press questioned the decision to name a more political minister of finance, calling it a risky break with tradition. The press voiced this concern and speculated about how this decision would be received by external stakeholders such as the WB, the IMF or business investors.<sup>21</sup> Also crucial, several senior technocrats publicly criticized Uribe during those years for bending the informal technocratic rules of economic policy making in Colombia (Botero 2010, 8; interviews with Gaviria 2008 and Kalmonovitz 2008).

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<sup>19</sup> *El Tiempo*, "Editorial" June 8<sup>th</sup> and June 15<sup>th</sup> 2003.

<sup>20</sup> *El Tiempo*, "Carrasquilla, en el ojo del huracán," 27<sup>th</sup> November 2003 and "¿Ahora sí se va Carrasquilla?," January 31<sup>st</sup> 2007.

<sup>21</sup> *El Tiempo*, "Uribe, a punto de optar por Minhacienda político," 14<sup>th</sup> February 2007; "Oscar Iván Zuluaga, nuevo Minhacienda," 17<sup>th</sup> February 2007; "Con Oscar Iván Zuluaga llega un político al Minhacienda y un escudero del gobierno al Congreso," 18<sup>th</sup> February 2007.

Partly due to this scrutiny, the technical level of economic personnel remained fairly high under Uribe. Zuluaga kept technical vice-ministers and did not cause any profound changes in the MF's policy style (interview with Botero 2009). According to Roberto Steiner, director of Fedesarrollo at the time, Zuluaga in the end was "one of the boys"; he had economic training and was aware of the costs of politicizing economic policy (interview with Steiner 2009). Stakeholders, then, constituted an important limit to the politicization of the economy.

After Uribe left the presidency in 2010, the country witnessed the recuperation of technocracy in economic policy and other areas of the state. Juan Manuel Santos, Colombia's new president and ex-minister of finance, appointed reputed members of the Colombian technocracy as heads of the NPD and MF and in other sectors such as health and agriculture. His cabinet is considered as technocratic as those of Lleras Restrepo, López or Gaviria. Technocratic power, then, did not suffer a permanent decline under a strong, charismatic president, but remains alive and well in Colombia.<sup>22</sup>

## **CONCLUSION**

The Colombian case clearly shows the crafting of technical autonomy and its entrenchment over time. Experts' strategic actions were important for achieving technical autonomy. Once in positions of power, experts were able to exclude other actors with less expertise from economic policy making and adopt formal and informal institutions to guarantee the persistence of technocracy.

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<sup>22</sup> *Semana* "Dream Team", July 7<sup>th</sup> 2010.

Technocrats achieved this entrenchment even though Colombia did not suffer the severe economic crises that other Latin American countries experienced and that, as we will see, catapulted Peruvian experts to power in one fell swoop. Colombian technocrats entrenched this technical autonomy step by step, building up an economic epistemic community in economic institutions and in civil society. Experts' strategic actions, then, were crucial to advancing their autonomy.

The four factors identified by my theory as being propitious for technocratic autonomy scored high in Colombia. First, as mentioned, the complexity of economic policy made it more necessary for politicians to delegate economic management to experts. Second, experts shared a basic consensus of what constituted proper economic policy. This early consensus among experts helps to explain the rise of *técnicos* in this country long before they arose in other Latin American countries. This consensus among experts has limited the available options in economic policy. The contrast with my first economic episode in Peru, where technical consensus was not present, highlights the relevance of this factor for technocratic autonomy.

Third, previous crises made incumbents aware of the costs of delivering bad economic policy. Lastly, a balanced constellation of powerful stakeholders increased the space experts' had to adopt their own decisions and also prevented backlashes against them. A well-entrenched technocracy exists today in Colombia. As Rodrigo Botero says, "in Colombia it is nowadays easier to predict who will be the next minister of finance than to guess who will be the next president" (interview with Botero 2009).

## **CHAPTER V:**

### **ECONOMIC TECHNOCRATS IN PERU (1980-1983; 1990-2011)**

Economic technocrats in Peru entrenched their autonomy during Alberto Fujimori's first government (1990-1995). Appointed to fight hyperinflation and implement drastic market reforms, technocrats were successful in transforming the Peruvian economy according to their preferences, and in the process gained considerable autonomy (Abusada et al 2003; Cortazar 2006; Dargent 2008; Wise 2003). This technocratic autonomy has remained quite high under the more competitive democratic regime that was instituted after Fujimori's downfall in 2000. Even President Ollanta Humala (2011-), a strong critic of the "neo-liberal" economic model associated with MEF technocrats, maintained this technocratic continuity after his election. Fairly high scores in my four factors explain the entrenchment and continuity of technocratic autonomy.

Peru, however, also offers an earlier episode of technocratic failure. During Fernando Belaúnde's second government (1980-1985) orthodox economic experts initially achieved significant control over economic policy. These experts, dubbed by the press as "Team Dynamo," were insulated from political and business pressures in an effort to push forward orthodox economic reforms designed to dismantle Peru's costly ISI development model (Conaghan and Malloy 1994; Wise 1986; Webb 1994). But

eventually the economic team failed to counter criticisms from politicians and business that questioned both the reforms and the allegedly arrogant and insulated style of decision making. In 1983 Belaúnde fired these experts. I argue that lower scores in three of my theory factors explain this negative outcome: during the eighties in Peru there was no technical consensus about what constituted adequate economic policy. The incumbent and politicians in general did not fully comprehend the political costs of bad policy performance, and the constellation of stakeholders in economic policy was unbalanced.

The chapter proceeds as follows. The first section examines the first technocratic experience, highlighting how “Team Dynamo” faced strong opposition under less favorable conditions for technical autonomy, which eventually led to the team’s dismissal. The second section discusses the rise of *técnicos* under President Fujimori and their continuity during his regime and afterwards during more competitive democratic times. The third section addresses two competitive perspectives to my own technocratic autonomy theory to explain this outcome: a political agents perspective and a structural perspective that finds in business the cornerstone of current technocratic power. In the fourth section I explain how the higher scores of my endogenous and exogenous factors of my theory explain the positive outcome in this second episode. The contrast between these two economic episodes allows me to highlight the relevance of these factors.

### ***ECONOMIC TECHNOCRATS IN THE EIGHTIES.***

After twelve years of military government, Fernando Belaúnde (1980-1985), the president ousted by the military in 1968, came back and won the 1980 presidential

election. Belaúnde appointed Manuel Ulloa, a lawyer and businessman, as head of cabinet and minister of economy. Ulloa recruited a group of economic experts with the mission of reforming Peru's costly ISI model, which had run into serious problems (Webb 1994, 357). Adopted during Juan Velasco Alvarado's (1968-1975) revolutionary military government (Trimberger 1978; Stepan 1978; Lowenthal 1975), ISI reforms included, among others, increasing protective tariffs for local industry, nationalizing diverse international enterprises (especially mining and oil companies), and creating multiple state corporations. The second stage of the military government, under the presidency of Francisco Morales Bermúdez (1975-1980), faced the high costs of this hastily imposed development model (Conaghan and Malloy 1994). Following agreements reached with IFIs to obtain more international credits, the military government began a series of reforms to dismantle the ISI model (Mauceri 1995, 11).

These measures, however, were strongly resisted by unions and political parties that demanded deepening, rather than dismantling, the ISI model. These groups were well represented in the 1978 Constituent Assembly and successfully pushed for the inclusion of substantial social and economic rights in the 1979 Constitution. Even Belaúnde and *Acción Popular*, the winners of the 1980 election, were not themselves committed neo-liberal reformers by any means. Belaúnde had the idea that massive infrastructure projects would bring development in the medium term, justifying a public deficit in the short term. However, the president was also aware that the only way to obtain international loans and credits to finance these projects was by "putting the house in

order,” and that involved conducting some neo-liberal reforms as demanded by IFIs (interview with Abusada 2010). The only clear political support for an orthodox reform plan within the country was provided by the Partido Popular Cristiano (PPC), a small right-wing political party in the governing coalition.

The new AP/PPC government, then, was trapped in this dilemma: an orthodox economic reform seemed necessary to stabilize the economy, but such a reform precluded the social and economic benefits promised during the transition and politicians’ ability to deliver material goods to their constituencies. Belaúnde opted for a mixed strategy: insulate “Team Dynamo” in MEF to allow them to institute neo-liberal economic reforms while developing infrastructure projects in the country as a response to social and political demands.

The leader of the technical team was a young expert, Roberto Abusada, appointed vice-minister of commerce in MEF. Given Ulloa’s responsibilities as head of cabinet, Abusada gained considerable control over the day-to-day operation of the ministry (interviews with Abusada 2010, Hume 2007 and Arrieta 2007). Other members of the team were U.S.-trained economists, such as Jorge González Izquierdo and Brian Jensen, and professors of the economics and engineering departments of *Pontificia Universidad Católica del Perú* (interviews with Arrieta 2007 and Hume 2007).

A characteristic of the economic team apparent since its appointment was its insulation. Politicians and businessmen criticized experts for being too “theoretical” and lacking “practical” knowledge (Conaghan and Malloy 1994, 152-155; Mauceri 1995).



Ulloa was the only contact between the president, his party, and MEF. Due to this insulation, business groups demands were mostly channeled through other members of the government, such as the minister of labor.

Experts designed a series of fiscal, financial and commercial reforms to be applied immediately after Belaúnde's inauguration in July 1980 (Webb 1994, 359-366). Two very sensitive political issues were included in this plan: control of the use of external credits to finance public works and the privatization of state enterprises, a source of political patronage (Pastor and Wise 1992, 87). Also, experts planned incentives to promote foreign investments in agriculture and mining (Webb 1994; Pastor and Wise 1992). Even if neo-liberal in their approach, economists would nowadays consider many of the reforms commonsensical, such as reducing the mounting public deficit, halting inflation, reducing costly subsidies and privatizing state enterprises in non-competitive sectors (interview with Abusada 2010).

A first obstacle to these plans came soon after experts' arrival in MEF. President Belaúnde and *Acción Popular* requested the delay of reforms until after the November municipal elections. A correction of subsidized prices was assumed to be extremely costly for the incumbent's electoral interests (Conaghan and Malloy 1994, 152; Webb 1994; interviews with Abusada 2010 and Hume 2010). After the election, experts launched their reform plan. Several of these reforms were adopted using the broad presidential emergency powers conceded in the 1979 Constitution in order to avoid congressional negotiations. The success of the team in advancing some of their proposals

is undeniable, especially in commercial reforms. Tariffs were reduced from an average of 66% to an average of 32% in 1981 (Wise 1986, 27). Sticking to an orthodox agenda, the team even cut subsidies for non-traditional exports, a sector that could have served as an ally (Webb 1994, 364). The state's credit for manufactures was drastically cut from 20% to 2% in 1982 and 98% of registered imports could now be imported freely (Wise 1986, 27).

In other areas, however, experts fell short in obtaining their goals. Very few state enterprises were privatized, and the few that were sold were of secondary importance. Foreign investments did not arrive as expected, partly due to investors' lack of confidence, which made them reluctant to return to Peru (Pastor and Wise 1992, 88). Another battle lost was MEF's goal to control the use of foreign borrowing to finance infrastructure projects. Although MEF adopted regulations to cut down on foreign borrowing, it proved impossible to control loans for infrastructure projects promoted by Belaúnde and his party (Webb 1994, 361; Mauceri 1995, 12). The fiscal deficit even grew from 3.9% in 1980 to 6.7% in 1981. The debt crisis hit Peru in 1983, placing more pressure upon experts. Floods in the northern regions and the attacks of the Shining Path, a radical Maoist guerrilla group, put the government under even more stress.

Partly due to these problems, in January 1983, Ulloa left the state. Abusada had resigned several months before. Carlos Rodríguez Pastor, a minister with technical credentials, was appointed and several of the team members remained in their positions. However, reform efforts were brought to a halt partly due to the need to focus on the debt

crisis, which consumed the time of the new minister (interviews with Hume and Webb 2007; Webb 1994, 36-367). Though more technically trained, Rodríguez Pastor lacked the political contacts and abilities of Ulloa and, after facing similar political pressures, was soon fired. A political appointment was made in order to appease opposition from politicians and business. This new minister, a member of *Acción Popular*, increased import tariffs, adopted new industrial subsidies and restored some export subsidies (Webb 1994, 367). Furthermore, the vice-ministry of commerce was transferred to the Ministry of Industry in an effort to take control over tariffs away from MEF. Belaúnde's final minister was more technically oriented and made some serious efforts to restore fiscal discipline, but lacked the political power to carry out reforms.

Why did experts fail to entrench their expertise during this reform episode? Technocrats' level of expertise and autonomy during those years was significant. Evidence of this autonomy is their high insulation and their influence over policy making. However, this autonomy was not enough to achieve continuity. I argue that three factors of my technocratic autonomy theory were crucial to explaining the *técnicos'* downfall. First, the absence of a balanced constellation of stakeholders limited the possibility of maintaining technocratic autonomy. Second, the lack of technical consensus on economic policy facilitated politicians and business opposition to MEF experts. Third, politicians were not fully aware of the high costs for their own interests of maintaining the political benefits provided by the economic model.

The direct cause for technocrats' demise was the opposition of politicians and business interests to their reforms. Of course, experts predictably encountered strong opposition from leftist parties and labor unions. But in addition to these attacks they also faced the combined pressure of the incumbent party and business associations. Only IFIs supported the reforms; all other actors opposed experts in a clearly unbalanced constellation of stakeholders.

To begin with *Acción Popular*, especially the sector in Congress known as "provincianos," questioned the direction of the reforms. Javier Alva Orlandini, vice president (1980-1985) and congressional leader of AP in the Senate, was identified as the main opponent of Ulloa's reforms.<sup>1</sup> María Jesús Hume, a member of the team and later vice minister of commerce, attributes this resistance from AP politicians to the fact that experts' reforms affected politicians' vested interests in public works and especially in public enterprises (interview with Hume 2007). Public enterprises offered politicians well-paid patronage jobs.

Business associations also mounted a strong campaign against the experts. The most forceful criticism, as one might expect, came from the National Society of Industries, which claimed that the trade liberalization was destroying local industry (Conaghan and Malloy 1994,153; Interview with Webb 2007). Unexpectedly, similar attacks came from the association of exporters, who were supposed to benefit from the reforms in the medium term. But the measures that affected exporters directly in the short

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<sup>1</sup> In *La República*, on January 7<sup>th</sup> 1982, Alva publicly criticized that "technocrats do not identify themselves with the "populist" ideals of *Acción Popular*" and accused them of "lacking contact with the people."

run, such as a large reduction in export incentives, received strong criticisms from the association of exporters (Conaghan and Malloy 1994, 116). Thus, experts antagonized even those business sectors that they hoped would support their goals. Under these conditions, experts' only allies were the IFIs. Business stakeholders, who just a decade later would value technocrats as guarantors of economic stability, criticized them for affecting business interests. However, as discussed in the previous chapter, opposition from politicians and business is not unexpected for reformists. Experts in Colombia were successful in averting these attacks and achieving stability. Why were Peruvian experts more vulnerable to these assaults? Two additional factors explain this vulnerability.

First, the lack of consensus among economists in Peru made MEF experts more vulnerable. The criticisms of politicians and businesses were based on the assessments of other economic experts that proposed alternative approaches to facing the worsening economic conditions. The debates among economists mirrored the strong ideological polarization that prevailed in Peru during those years. Technocrats' sense of urgency to conduct market reforms was counterbalanced by other experts' opinion that these warnings were mistaken: in the view of these economists, more, rather than less, state ownership and protectionism was required. This lack of consensus is aptly described by the president of the Central Bank (1980-1985), Richard Webb:

From the late 1970s through 1985, with the exception of part of 1984, the Presidents in power and their economic teams were pushing an adjustment and reform agenda that was `perceived as radical, exaggerated, insensitive, and technically flawed by a majority of the public. Most academic and professional "expert" opinion kept up a continuous critical barrage.

Although the motivation was partly political, and partly linked to interests groups, much of the criticism was sincere. (Webb 1994, 372-373)

Campaign programs of political parties for the 1980 election demonstrate this strong polarization (Universidad del Pacífico 1979). These programs present an impressive range of divergent economic proposals for the country. Leftist parties promoted the nationalization of enterprises as a way of achieving economic independence and reducing the power of the ruling classes. The United Left's (*Izquierda Unida*) 1985 and 1990 government plans designed by the party's economic advisors also show this strong polarization (Izquierda Unida 1985; 1990; see also Malpica 1985).<sup>2</sup> Centrist parties were considerably less radical, but also defended ISI subsidies and the public ownership of state enterprises. On the other side of the spectrum, small rightist parties such as PPC proposed market reforms like those advanced by MEF technocrats.

This lack of agreement about economic principles facilitated resistance to experts from politicians and business interests. These actors used the assessments of economists opposing the ongoing reforms to make their own interests appear less particularistic and more publicly oriented, thus undermining experts' claim that their measures were necessary. Alva Orlandini, for example, hired a group of economists in 1981 to write a report evaluating MEF policies and proposing alternative measures (Conaghan and Malloy 1994, 154)<sup>3</sup>. Similarly, business groups that opposed experts' reforms used

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<sup>2</sup> These differences increased as the economic crisis mounted. Evidence of how different the evaluations of the alleged causes and solutions of the crisis were in those years is found in Dancourt et al. (1990) where five economists present alternative solutions to the orthodox remedies against hyperinflation.

<sup>3</sup> When interviewed for this dissertation, Alva claimed that the press's version, in which Alva was painted as a fierce opponent of Ulloa, was wildly exaggerated. His intention when hiring these economists was only

alternative economic assessments to justify their interests. For example, in 1981 and 1982 business associations organized “high profile public conferences” where governmental policies were criticized by other economists (Conaghan and Malloy 1994,154).

A third factor that limited experts’ autonomy was the lack of a sense of urgency felt by politicians with regard to the deteriorating economic conditions (Conaghan and Malloy 1994, 152-155). Politicians were aware of the political costs of bad economic policy performance, but not of the serious repercussions of maintaining their privileges or the medium and long-term consequences of inaction. Therefore, congressmen and members of the Executive from the incumbent party pushed for higher expenditures. The public deficit continued to grow and public enterprises became more inefficient, but *políticos* did not restrain their demand for patronage resources. As a result of these combined factors, experts failed to maintain their autonomy.

Throughout the remainder of the decade, MEF is best described as a weak and politicized ministry. During Alan García’s government (1985-1990), a series of heterodox economic policies were introduced, which the headstrong young president promoted as a new development model. García blamed the liberalization measures for the crisis in order to justify this turn to heterodoxy. The new president appointed as his advisors a group of heterodox economists who opted for a radicalization of ISI as a solution to the country’s economic problems (Thorp 1991,121-25; Weyland 2002, 81-84). The economic team worked outside MEF, while members of APRA, known as “*ministros*

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to show experts that there were alternatives to the measures they promoted (interview with Alva Orlandini 2007).

*secretarios*” for their subordination to the president and their strikingly limited technical credentials, were appointed in MEF. García enacted economic policies that IFIs and some local economists described as suicidal (interview with Abugattás 2007). The success of García’s program was dependent upon the progressive activation of the economy, which never occurred (Thorp and Durand 1997, 227-228). An unprecedented economic crisis exploded in late 1987, but not even this emergency motivated García to change course and give MEF more control over the economy (interview with Abugattás 2007). García preferred to conclude his term without suffering the political costs of drastic market reforms. The availability of economic options gave him a justification to avoid painful adjustments (Weyland 2002, 87-91).

### ***THE RISE AND CONSOLIDATION OF NEO-LIBERAL EXPERTS (1990-2011)***

One decade later, neo-liberal experts succeeded where Team Dynamo had failed. Since 1990 a technocracy has firmly established itself in MEF. Economic technocrats were appointed when newly elected President Alberto Fujimori (1990-2000) realized that he needed qualified economists to combat the hyperinflationary crisis inherited from Alan García. A political outsider who rose in the last days before the election to defeat favored right-wing candidate Mario Vargas Llosa, Fujimori lacked a government program and a political party from which to recruit *técnicos* (Cortázar 2006, 15-17; Mauceri 1995, 18-19; interview with Du Bois 2007).

During the campaign the new president had opposed Vargas Llosa’s proposal to apply a neo-liberal stabilization plan to stop hyperinflation. However, once in office and



facing strong demands from the IFIs and foreign governments, Fujimori opted for a tough orthodox stabilization plan, which was enacted shortly after his inauguration (Weyland 2002, 116-118; Stokes 2001, 47-53). Fujimori's first two ministers of economy, Juan Carlos Hurtado Miller (July 1990- February 1991) and especially Carlos Boloña (1991-January 1993), recruited the economic experts in charge of designing and implementing the plan. Usually appointed as consultants or advisors in the minister's cabinet, technocrats initiated ambitious market reforms that transformed the structure of the Peruvian state and the economic configuration of the country (Abusada et al 2003; Dargent 2008; Conaghan 1998; Wise 2006; Ugarte 2000, 410).

The crisis allowed for a neo-liberal technocracy to emerge in the first place and take almost total control over economic policy and international negotiations with IFIs. These severe crisis conditions were perceived by experts as a window of opportunity difficult to replicate (interview with Du Bois 2007). Technocrats now achieved what had proved impossible a decade before. They reduced tariffs drastically and moved toward an export-oriented economy through sweeping market reforms. Reforms were adopted in a quick effort to liberalize the economy, sometimes obstructing and contradicting one another (Weyland 2002, 124). The effects of these reforms on the economic structure of society were dramatic. Industrialists lost their leverage while, in the medium term, other business sectors, especially exporters and mining firms, became more powerful (Durand 2006). Experts were also put in charge of broad institutional reforms. They launched an ambitious plan to privatize state-owned enterprises (including banks), shrink the

bureaucracy, reform the pension system and drastically change commercial and tax laws (Wise 2006; Abusada et al. 2003; Weyland 2002).

It is worth noting that Peruvian experts were not just following orders from IFIs. Experts agreed with IFIs on many of the proposed solutions to the economic crisis, but Peruvian experts in the state were already committed to market reforms and had an ambitious reform agenda of their own. Reform ideas included in Vargas Llosa's 1990 government plan (designed in part by Roberto Abusada) guided experts in dismantling the ISI model. The best evidence that there was no subordination lies in the fact that these experts conducted more radical reforms than those promoted by IFIs. (interviews with Du Bois 2007, Hume 2007 and Abusada 2010).

The political insulation gained by experts on Boloña's team increased after the 1992 self-coup when Fujimori closed the Peruvian Congress. Without political opposition, MEF pushed for the approval of several additional reforms by presidential decree, including a radical plan of privatizing public enterprises (Mauceri 1995, 26). Contrary to the failed experience of the early 1980s, this time most state enterprises were privatized. The subsequent dominance of Fujimori's parliamentary majority in a new Congress enhanced the economic team's capacity to push forward their reforms. Since those years an annual poll has ranked the minister of economics among the ten most powerful individuals in the country, showing the importance gained by these officials during the enactment of market reforms.<sup>4</sup>

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<sup>4</sup> <http://elpoderenelperu.com/poderosos/1998>

Nonetheless, in 1993, when the crisis ceased, Fujimori dismissed Boloña, allegedly due to business sectors' opposition to his confrontational style. As in the eighties, business groups viewed the technocrats as too insulated from their interests and complained to the president. However, as discussed in the next section, important stakeholders such as IFIs and business interests made it very clear that they feared a politically-motivated appointment of the minister of MEF. Fujimori appointed Jorge Camet (January 1993-June 1998), an engineer and former President of CONFIEP (the encompassing business association), as a guarantee that economic stability would not be jeopardized. As a sign of his commitment to a technical approach, Camet kept Boloña's vice-ministers as well as part of his technical team in their positions, with two important additions. Roberto Abusada and Iván Rodríguez, members of Belaúnde's first economic team, were appointed as Camet's advisors.

With the crisis receding, MEF experts realized that their political leverage was diminishing. Although the privatization plan was successfully continued and even advanced, the vertiginous speed of enacting reforms had slowed (Weyland 2002, 162; Interviews with Du Bois 2007 and Rodríguez 2011). MEF focused on guaranteeing macroeconomic stability and keeping the public deficit under control; they accepted that in security issues and social expenditure their ability to restrain the president and the military was more limited (interviews with Du Bois 2007 and Ugarte 2006).

This image of technical autonomy and "division of labor" blurred half way through Fujimori's second term (1995-2000). Fujimori's commitment to technical

autonomy weakened when his interests shifted toward assuring his reelection to a third term in 2000. Tensions emerged between *técnicos* on the one hand and the president and his military allies on the other. Starting in 1997, the military ministers began to voice their opinions during cabinet meetings on issues that were supposed to be technical (interview with Ugarte 2006). These tensions led to the dismissal of Camet in June 1998. While more technocratic in his personal background, Jorge Baca Campodónico, his successor, lacked Camet's political weight in the cabinet, and was dismissed in January 1999. The appointment of Víctor Joy Way, a congressman of Fujimori's party and former president of Congress, was a sign that the president wanted more political control over economic policy. As a result, the main group of technocrats that had been in MEF since 1991 and 1992 left the state and those who remained recognized that MEF had lost some of its insulation from political power (interviews with Du Bois 2007, Ugarte 2006 and Zamalloa 2007).

Nonetheless, the risk of politicization was short lived. The 1999 international economic crisis made Fujimori retreat and dismiss Joy Way; the potential cost of having poor economic performance in an electoral year was too high. In October of 1999 Isaac Goldenberg, a businessman, replaced Joy Way and in 2000 Fujimori went as far as to bring back Carlos Boloña. Boloña announced a drastic reduction of expenditures and more privatizations in an effort to put the economic program back on track.<sup>5</sup>

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<sup>5</sup> *El Comercio*, "Presidente Fujimori anuncia reducción del gasto público," August 15<sup>th</sup> 2000. The expenditure exceeded by US\$ 436 million the amount in the budget for the first six months of the year; *El Comercio*, "Cambios en Rumbo Económico," August 20<sup>th</sup> 2000.

Shortly after achieving reelection, Fujimori resigned from the presidency due to a corruption scandal. A transitional government led by the opposition was in charge of organizing elections for early 2001. This transition government sent a clear sign of economic and technocratic continuity with the appointment of Javier Silva Ruete, an economist who had occupied the ministry from 1978 to 1980. As Table 4 shows, in the years following MEF has not only maintained its autonomy and expertise, but economic ministers have become even more technical. During Alejandro Toledo's government (2001-2006) all ministers were highly technocratic. Similarly, all of Alan García's (2006-2011) four ministers of economy were also independent technocrats—that is, the opposite of his politically subordinate ministers of the 1980s. Even President Ollanta Humala (2011-2016), who in the 2006 campaign had strongly opposed “neo-liberal” continuity in economic policy and who in the most recent 2011 campaign still criticized economic management, maintained technical continuity in MEF. Humala appointed García's last Vice-Minister of Finance as his first Economy Minister.

**Table 4: Economic Ministers in Peru (1980-2011)**

<b>Ministers of Economy</b>	<b>Individuals(1)</b>	<b>Economists (BA or MA)</b>	<b>Graduate Studies in the US or Europe</b>	<b>PhD</b>	<b>Previous State Positions in MEF or Central Bank</b>	<b>Worked for Business before or after appointment</b>	<b>Member of Incumbent Political Party</b>	<b>Worked for IFI before or after appointment</b>
July 1980-1990	10	5	2	1	3	4	9	1
July 1990-2000	6	2	3	2	1	5	1	2
July 2000-2011	10	9	10	6	9	9	0	9

1. Carlos Boloña (1991-1992; 2000), Javier Silva Ruete (2000-2001; 2002-2003), Pedro Pablo Kuczynski (2001-2002; 2004-2005), and Luis Carranza (2006-2008; 2009-2011) were ministers on two occasions.

Thus, since 1990 economic technocrats have remained in charge of economic policy in Peru. They were powerful under a strong government that insulated them from political pressure, but also during more competitive democratic times when no political party had control over Congress. In contrast to the situation of the 1980s, when experts were outweighed, technocrats have managed to enforce their macroeconomic preferences. What explains this continuity?

### ***COMPETING PERSPECTIVES: POLITICIANS AND BUSINESS.***

A political agents' perspective proposed by Catherine Conaghan questions this image of technocratic autonomy. Conaghan argues that Peruvian politicians merely grant technocrats autonomy for brief periods of time when hard pressed by economic problems. Experts attained important positions in the Peruvian state to solve hyperinflation, but in normal political times they do not remain powerful. In her view, the Peruvian case and the events following Boloña's dismissal raise questions about "any overdrawn images about the power and autonomy of technocrats in Latin America" (Conaghan 1998, 160).

Contrary to this argument, I show throughout this chapter that technical power has remained at high levels since the early nineties. Boloña's term certainly marked the highest point of technocratic autonomy, but contrary to Conaghan's statement, clear evidence of technical autonomy from politicians is found in the period of 1993 to 2011 as well. During these years macroeconomic policy has continued to be fundamentally insulated from political intrusion. The end of hyperinflation did not bring the downfall of Peruvian technocracy. On the contrary, experts have effectively restrained political

expenditures even during good economic times (2003-2008). According to political agents theories, economic abundance should lead to political pressures for expenditure. While this pressure has certainly existed, MEF has achieved tight control of public spending and have effectively reduced political expenditure.

For example, Technocrats in MEF have implemented special programs to prevent patronage expenditure. An example of such a system is SNIP (*Sistema Nacional de Inversión Pública*). SNIP is a special procedure adopted in the late nineties by which public expenditure projects have to attain prior technical approval from MEF. Presidents Toledo and García frequently criticized SNIP for not allowing them to fulfill their electoral promises, but nonetheless, their governments maintained the system. Experts working in SNIP mentioned that the support of the minister of economy and the vice ministers has been crucial for guaranteeing their work and protecting them from these external pressures (interviews with Von Hesse 2007 and Priale 2007).<sup>6</sup>

In addition to SNIP, MEF also developed during those years a national financial system to control budget expenditures, the *Sistema Integrado de Administración Financiera* (SIAF). Both systems were originally designed to be applied in executive ministries, but have progressively been adopted in other areas of government as well (regional, municipal, and other state offices). The hallmark of both systems is that they reduce politicians' latitude in the use of resources (interviews with Barletti 2007; Mori 2007; and Guerrero 2007). These reforms have strengthened the technical management of

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<sup>6</sup> This account is confirmed by Toledo's former head of cabinet, Carlos Ferrero (2003-2005). Ferrero witnessed how Toledo accepted the advice of his ministers and backed down from his original requests (interview with Ferrero 2007).



the public budget and centralized control over state expenditures clearly affecting political interests.

Another example of experts' actions to control political spending is the limitation MEF imposed on electoral expenditure before the 2006 election. Late in 2005, President Toledo promised publicly to restrain the use of state resources in the upcoming electoral year, but he did not mention any concrete measure in this regard. The president of the Council of Ministers, Pedro Pablo Kuczynski, and Fernando Zavala, then minister of economy, announced to the press that following the president's decision, no more than sixty percent of the executive budget would be spent in the first seven months of the year. Nonetheless, this decision was not thoroughly discussed with Toledo; these ministers simply seized the opportunity provided by the president and gave it precise content (interview with Kuczynski 2007). Kuczynski and MEF took advantage of the opportunity to defuse in advance possible patronage demands by the incumbent party.

As all these examples show, experts have effectively restrained political interests. This technocratic success did not come easily, but involved frequent clashes with the incumbent political parties, *Perú Posible* and *APRA*, showing more tension than predicted by a political agents perspective. The strong tension between President Toledo's party and the technocratic team, for example, led to debates in the media between MEF experts on one side and an aggressive vice-president and congressmen of the official party on the other (Tanaka 2005, 30-31). The impressive economic indicators and the mining boom of the last few years have also led congressmen, regional presidents, local authorities and

even the president and ministers to publicly demand that MEF exert less technical control over expenditures. But the ministry and its experts have been successful in holding the line.

This technical independence does not mean that policy decisions have always been consistent with the preferences of *técnicos*. As in Colombia, in some cases experts have had to negotiate and accept limitations to their control capabilities. Several public sector salary increases promised by Toledo during the 2001 campaign were approved by the executive against experts' advice. *Políticos* also achieved some crucial exemptions from the SNIP procedures for public works. But overall MEF experts have achieved considerable control over macroeconomic policy and state expenditures, which is a sharp contrast from the spiraling public deficits and irresponsible public investment policies that prevailed in Peru during the 1980s. In sum, a political agents perspective like the one presented by Conaghan does not recognize the high levels of technocratic autonomy achieved by MEF experts.

Other authors attribute experts' considerable leverage in Peruvian politics to the role of business pressures. There is no doubt that Peruvian reformers reconfigured business power in Peru in the early nineties. Experts, aided by the crisis, were able to dismantle the old economic model and reduce the power of several business sectors that had benefited from it (Arce 2006; Durand 2006). However, less conflict has raged between MEF and the "winners" of market reform since the late 1990s, especially financial, mining and some export interests. This congruence has led these same authors

to advance the causal argument that these new private interests have become strong enough to capture state agencies and achieve the appointment of experts who support their interests. In this view, experts design policy for the benefit of these business groups (Durand 2006, 203-204).

For these authors, evidence of this capture is that experts are frequently hired from the business sector and then return to it after their appointments (Arce 2005; Durand 2006, 197-198). My research confirms that Peruvian experts' career paths are closely linked to business, even more so than in Colombia, where more technical career alternatives exist. With the exception of the Central Bank, in Peru there are fewer institutional opportunities to build technocratic careers either within or outside state institutions. Moreover, experts interviewed for this dissertation recognize the strong influence of these newly strengthened business groups in lobbying for policy changes or opposing reforms that may affect them (interviews with Boza 2007, Burneo 2007, and Mendoza 2010).<sup>7</sup>

Certainly, more congruence is expected between technocrats and these new business actors, because market reforms were designed to benefit certain economic activities in accordance with *técnicos'* preferences. In a way, this demonstrates Peruvian experts' triumph over business interests: experts did not change their preferences, but

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<sup>7</sup> Pedro Pablo Kuczynski, who has been associated with private interests through his positions in investment banks, enterprise boards and mining companies, regarded claims of economic capture as exaggerated, but agreed that the main weakness of economic policy making in Peru is the dependence on the private sector to find qualified personnel for highly technical positions. For example, when he tried to hire an expert in foreign debt to negotiate pre-payments, he had to look to investment banks to find a competent professional (interview with Kuczynski 2007).

they changed the composition of business. But what would be problematic for technical independence is if so much harmony exists that experts are not willing to contradict particular interests. Although certain congruence between technocrats and some business sectors exists, my research shows that Peruvian experts have retained significant power to set the agenda concerning policy choices, thus questioning any overdrawn image of business control.

First, macroeconomic policy remains quite insulated and committed to market discipline even when business groups oppose it. The continuation of market reforms does not seem to be imposed on MEF by business, but is instead the result of technocratic preferences. Evidence of this is that MEF's decisions still take business by surprise. In 2007 and 2010, for instance, MEF adopted broad reductions of protective tariffs that business was not expecting (interview with Carranza 2010).

Second, there are recent cases in which Peruvian technocrats have clashed with business interests, showing that these predominantly harmonious relations are not exempt from conflict. For example, experts have rejected demands of powerful business sectors to adopt protective tariffs for their products. Economic experts' rejection of textile producers' demands to adopt trade barriers, for example, demonstrates these differences.<sup>8</sup> Also, during the last decade, Peruvian experts have proposed mechanisms to extract revenues from economic activities that have benefited from market reforms. In particular, the tax authority, SUNAT, and MEF adopted a financial tax resisted by banks in 2003;

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<sup>8</sup> *Gestión*, "No habrá salvaguardias a hilados de la India," August 17<sup>th</sup>, 2009.

and more recently these agencies have achieved a tax on revenues from the stock market, a demand strongly opposed by the financial sector.<sup>9</sup> MEF experts have also taken part in the negotiations between President Humala's government and mining enterprises to raise tax contributions from this sector. These negotiations resulted in a substantial increase of these contributions.<sup>10</sup>

Finally, Ollanta Humala, a candidate strongly opposed by business elites during the 2006 and 2011 campaigns, also appointed so called "pro-business" technocrats in key economic positions. Luis Miguel Castilla, Humala's first minister of economics, has a very similar background as previous ministers of economics. Humala's choice demonstrates that the appointment of a technical minister is not determined by businesses' capture of the state. Presidents are informally constrained to appoint experts, not because these leaders are controlled by business, but because of experts' technical prestige and credentials. As discussed in my theory, business is part of the story, but far from all of it.

In conclusion, these arguments exaggerate the influence of business groups over economic policy in Peru. In the next section I show how my technocratic autonomy theory explains experts' entrenchment in Peru.

### ***EXPLAINING ECONOMIC TECHNOCRATIC AUTONOMY IN PERU***

The magnitude of Peru's hyperinflationary crisis gave experts immense control over the economy, which allowed them to take considerable steps to adopt their market

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<sup>9</sup> *Gestión*, "Ganacias en bolsa esta vez sí pagarán impuesto a la renta," August 21<sup>st</sup> 2009.

<sup>10</sup> *La República* "Así se negoció con las mineras", August 28<sup>th</sup> 2011.

reform preferences (Weyland 2002, 198-9). Peruvian experts enjoyed for almost two years a total delegation of power in economic policy. This delegation of power allowed experts to enhance expertise in MEF, transform the state, and break down traditional sources of opposition to market reforms, overriding any resistance from political or business interests. By doing so, technocrats raised dramatically the technical level in economic areas and created a better environment for their own survival. Due to this initial delegation, experts in Peru did not need to be as strategic to entrench their autonomy or invest similar energy in institutionalizing strategies, unlike Colombian experts.

When the crisis receded in 1993, experts lost some of their leverage. Nonetheless, the four factors identified by my theory of technocratic autonomy favored technical continuity and entrenchment. From then until now a strong technocracy remains in control of economic policy. In this section I first detail some of experts' strategies to maintain and enhance their autonomy, especially how they accommodated to more competitive political times after the fall of Fujimori. Next I explain how the four factors of my theory explain this outcome.

Throughout these two decades experts were strategic in advancing their preferences and protecting their autonomy. Experts were deliberate and systematic in advancing their goals. Knowing that the opportunity for market reforms in 1990 was unique and that politicians were not committed to reform, experts rushed to implement these new rules (interview with Du Bois 2007). MEF officials used international negotiations and the leverage of IFI officials to break down internal political resistance to

reforms. Knowing that President Fujimori was not willing to reform the pension system, for example, MEF experts asked IFI officials to stipulate these reforms as part of their loan conditionality (interviews with Du Bois 2007 and Ugarte 2006). To make these changes irreversible experts insulated state agencies from politicians. As part of the reforms new state agencies were created or old ones were reformed in order to increase state capacity and adapt to the new market economy. Experts provided these institutions with formal protections against political pressures (Abusada et al. 2000, 13-62; Cortázar 2006, 16-50; Wise 2003, ch. 6, interviews with Alvarez Rodrich 2007, Escaffi 2007, Salazar 2007, Tavera 2007 and Boza 2007).

When the crisis eased in 1993, experts became more strategic. Since 1993 experts have started worrying about patronage demands from members of congress and the incumbent. With a dominant party in power, experts received informal protection and political support for their proposals. But Fujimori and his political group were also a threat to technical autonomy since there was no opposition party strong enough to resist them. Experts in MEF realized they needed a new strategy to prevent political interventions in their policies under non-crisis conditions (interview with Du Bois 2007). As part of this strategy, for example, Minister Camet opened an office in Congress so that economic experts could quickly coordinate with congressmen. The office also collected information about economic proposals in Congress in order to act preemptively against such bills if necessary.

These strategic actions became even more important after the fall of Fujimori's government. When President Fujimori lost power in 2000 and several parties shared power in Congress, the concerns about political intervention inside MEF were high due to the antecedents of the eighties. Nonetheless, experts accommodated well to this competitive democracy. Expertise became a key resource for diverting political and socioeconomic pressures and for advancing and protecting technocrats' preferences in economic policy in this new political environment.

For example, MEF took preemptive actions to control political intrusion in economic policy. In order to deal with the new political environment of a fragmented congress, transition minister Silva Ruete strengthened MEF's office of parliamentary coordination as a way to maintain close relations with political groups and to provide the ministry with information about projects being discussed in more than twenty legislative committees (interviews with Cáceres 2007 and Nakasone 2007). If a bill that MEF opposed was on the agenda in a congressional committee, this office would provide information and technical analysis to prevent its approval. If the project nevertheless were approved by Congress, MEF would try to convince the president to veto the law. Similarly, MEF had consistently opposed efforts of congressmen to include in the national budget special expenditures targeted at their constituencies. A similar preemptive strategy was also used vis-à-vis other sectors of the executive, especially spending ministries. All projects to be discussed in the Council of Ministers first have to be approved by a council of vice ministers. MEF has frequently used this preliminary stage



to learn what policies the other sectors were trying to implement and, if necessary, to oppose these proposals (interviews with Nakasone 2007 and Vásquez 2007). MEF, then, has developed a series of alerts to block measures that diverge from experts' preferences.

Experts also coordinate with other actors to advance their proposals, sometimes even against the interests of the incumbent. Meetings with APRA members were frequent during Toledo's government (interviews with Cáceres 2007, Zavala 2007 and Zamalloa 2007). Policy reforms were coordinated with APRA, which even if an opposition party was regarded by several experts as a more structured ally than the disorganized *Perú Posible*. Under the APRA government, the rightist party *Unidad Nacional* worked closely with MEF on several issues (interview with Lombardi 2008).

Two former high-ranking officials in MEF informed me off the record that the use of the press to experts' advantage is also a common strategy for deflecting political threats to experts' preferences. Bills that would clearly increase the budget or benefit a special interest group are analyzed in the ministry and, when it is considered necessary, leaked to the press. That strategy was used by MEF, for example, to push for the reform of a costly pension law (Ley 20530) that provided expensive retirement benefits to high officials, among them several members of Congress.

Nevertheless, as in the Colombian case, experts' strategies do not fully explain this outcome. The four factors identified in my theory as advantageous to technocratic autonomy were also crucial for this outcome. First, the complexity of economic policy explains both the initial degree of delegation during the crisis and also the difficulty

politicians had in regaining control after the crisis receded. As discussed, the complexity of economic policy in times of economic crisis explains the almost complete capitulation of politicians in the economic sphere. Lacking expertise in economics, most politicians have had little to offer for the design and implementation of reforms, which were left to the discretion of technocrats.

From then on experts insisted that policy making comply with these higher technical standards, a playing field on which they hold the upper hand. MEF's reports to Congress are written in a technical language, usually highlighting the costs of legislative bills. Similarly, during the debates to reform Law 20530, MEF's position was sustained by highly technical evaluations of the alleged costs of the existing pension system. Furthermore, the SNIP procedure requires technical evaluations to assess the sustainability and cost of investment projects. Technical complexity, then, enhances experts' leverage over political and socioeconomic actors in Peru.

Second, the consensus about what constitutes adequate economic policy was considerably higher in the nineties than in the eighties. The hyperinflationary crisis conclusively discredited "heterodoxy" and other populist alternatives to "prudent" economic policy. Economists now agreed on economic stability and low inflation as clear limits to what economic measures are tolerable (Leiteritz 2010, 137-138). This higher consensus can be seen in the type of opposition to experts' policies found in Peru. Currently, economists from the left question the prevailing market model, often severely, but the difference between this criticism and that of the eighties is considerable (Leiteritz

2010, 133-134). The economic proposals of the anti-market candidate in 2006 and 2011, Ollanta Humala, are more in line with the dominant paradigm than with the heterodox proposals of the eighties (Partido Nacionalista 2006; 2011). The diversity of technical viewpoints, then, was significantly reduced after the crisis and the consensus that emerged has remained strong (interviews with Burneo 2007 and Morón 2007).

Third, although still demanding patronage resources, politicians and especially the incumbent have been more aware of the negative consequences of bad economic outcomes for their interests. The crisis also helped to clarify the political costs of bad economic performance. Incumbents became more aware that fiscal equilibrium and good economic outcomes were important for their interests. The population is more sensitive to signs of economic irresponsibility and a significant number of citizens demand economic moderation. The eighties' crisis came up repeatedly in my interviews with experts and politicians as something that "you do not want to do" (interviews with Ferrero 2007 and Del Castillo 2007).

Some examples show politicians' worries about the consequences of politicizing economic policy. Fujimori, for example, became more populist in order to win his second re-election, but he was also aware that inflation and bad economic indicators would affect his popularity. As a result, once re-elected in 2000 he brought back Economy Minister Boloña in an effort to show his commitment to technical continuity and responsible economic management. Fujimori's successors have had even less room for irresponsible economic management, as they lacked similar economic credibility. Presidents Paniagua,

Toledo, García, and Humala all have bowed to technocracy in order to counteract the fear of irresponsible policy making. In the cases of García and Humala this fear was increased due to the uncertainties of the current international economic crisis.

This higher awareness should not be overstated as a limit to political intrusion, as individual politicians, especially in Congress, still demand patronage resources. Experts act as checks on politicians, showing that “political learning” by itself does not explain technical stability (interview with Zavala 2007 and Carranza 2010). But this greater awareness of the costs of bad economic outcomes certainly contributes to enhancing technical autonomy.

Fourth, a more balanced constellation of powerful stakeholders exists in the country, as IFIs and business interests closely monitor economic policy and perceive experts as a safeguard against irresponsible policy making. These stakeholders closely follow economic appointments in MEF. Business associations have become more sensitive about the costs of a politicized economic policy (interview with Morales 2007). This concern limits the incumbent’s control over economic policy making. Even industrialists, who are frequently strong critics of MEF technocrats (“*no se ensucian los zapatos*”) and their neo-liberal preferences, recognize that technical management prevents a worst possibility: the political abuse of the economy (interview with Farah 2007).

This close vigilance is documented in moments of ministerial replacement. The importance of stakeholders became clear during the days after Boloña was fired in

1993, for example. Stakeholders made it very clear that they expected technical continuity in MEF and that they opposed political appointments in the area. Press reports from those days show how the presence of experts had become a guarantee against the politicization of the economy. Business associations, IFIs and even political leaders demanded that Fujimori give clear signals of economic continuity.<sup>11</sup> *El Comercio*, the most influential newspaper in the country, demanded the continuation of technical management in MEF in order to guarantee economic stability.<sup>12</sup>

Similarly, after the transition Toledo, García and especially Humala were also informally pressured by stakeholders to appoint technocrats in MEF. To these stakeholders they lacked similar economic credibility as that attained by Fujimori and had to gain credibility by maintaining prudent economic policy. Toledo complained about technocrats frequently, but appointed highly qualified individuals in MEF. Former populist Alan García responded to stakeholders' worries of a second economic disaster by appointing a highly reputed *técnico* as economic minister— namely, Luis Carranza.<sup>13</sup> The appointment was presented by the government as a commitment to economic stability (interview with Del Castillo 2007). Similarly, Humala re-appointed the President of the Central Bank to his post and promoted APRA's Viceminister of Finance as his Economic Minister to reassure stakeholders of his commitment to maintain economic policy. These episodes highlight how, once experts have gained prestige, stakeholders,

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<sup>11</sup> *El Comercio*, "Cotización de la deuda peruana cayó con la Renuncia de Boloña," January 6<sup>th</sup> 1993; "Se afectó limpieza de moras con el BM y el FMI por renuncia de Boloña" January 8<sup>th</sup> 1993.

<sup>12</sup> *El Comercio*, "Editorial," January 6<sup>th</sup> 1993.

<sup>13</sup> *Bloomberg Report* "Peruvian Bonds Climb to Nine-Week High on Carranza Appointment," July 21<sup>st</sup> 2006. Similarly *The Financial Times* "García's choice of Finance Minister Cherished," July 21<sup>st</sup> 2006.

including business, reinforce the demand for preserving technocracy and preventing politicization. In the Peruvian case, the fear of a return to the politicized economic policy of the eighties enhanced these concerns.

The short appointment of Víctor Joy Way in 1999 shows stakeholders' reaction in the case of non-technical appointments. Joy Way's politically driven nomination was criticized by analysts and the business community.<sup>14</sup> To counteract these criticisms, Joy Way was quick to show his commitment to a technical approach once in office. He announced that he had hired international consultant Jeffrey Sachs as his advisor (in reality Sachs only took part in a few meetings), and presented a group of prestigious local economists as part of his new economic team.<sup>15</sup> However, these signs were not enough and Joy Way was quickly dismissed by Fujimori when international economic conditions worsened.

In conclusion, the total delegation of power into the hands of experts in 1990 and the propitious conditions in economic policy thereafter allowed experts to entrench their autonomy. For more than two decades these conditions have remained favorable, thus enhancing the likelihood of technical continuity.

## **CONCLUSION**

This chapter has shown the failure of Peruvian technocracy in the eighties and its subsequent rise and successful entrenchment after 1990. The change of conditions from

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<sup>14</sup> *El Comercio* "Ante los cambios del MEF Empresarios y Analistas Coinciden en exigir que no se opte por medida populistas" 6th January 1999. *La República* "Oposición: Será un gabinete electorero" January 4th 1999.

<sup>15</sup> *El Comercio* "El economista Jeffrey Sachs asesorará al Ministro Joy Way" September 1st 1999 and "Joy Way presentó a su nuevo equipo de asesores económicos" January 10th 1999.

the eighties to the nineties explains this variation. The hyperinflationary collapse gave considerable power to experts, enabling them to control economic policy. The emerging economic consensus silenced criticisms of experts' policies. Also, a more balanced constellation of stakeholders emerged in the country. Politicians themselves became more aware of the costs of delivering bad policy outcomes. Finally, stakeholders such as business saw experts as a better option for economic management than leaving politicians in charge. As a result, economic experts became autonomous actors in Peru.

These episodes reinforce the conclusions of the Colombian case. Expertise is the most important resource for economists in terms of increasing politicians' dependence upon them and insulating their policies from politicians, business and IFIs. The technical complexity of economic policy enhances the importance of expertise and limits external intrusion. The relevance of experts' consensus for technical autonomy, present in Colombia since the sixties and in Peru since the nineties, is also confirmed. In contrast, the first Peruvian case shows how the lack of such a consensus can harm experts.

Some contrasts between the country cases also offer valuable information. Under non-crisis conditions in Colombia, experts made slower progress and had a harder time achieving autonomy. The dramatic crisis in Peru allowed neo-liberal experts to quickly take control of economic policy. Colombian technocrats' strategies required more negotiation and institution building. It seems that this cautious advancement to entrench expertise made technocrats in this country more concerned with institution building. With the exception of the Central Bank, economic experts in Peru have failed to adopt similar

strategies of training and recruitment both in state institutions and in civil society as experts in Colombia have advanced so successfully. The lack of this conscious institution building means the Peruvian technocracy lacks similar technocratic institutions outside the state (universities, research institutions, etc) and makes it more dependent on business for future employment.

Also important, Peruvian experts' leverage was certainly enhanced by the insulation provided by President Fujimori. However, *técnicos'* relations with Fujimori also had a downside because experts faced challenges arising from the president's reelection objectives. In more competitive democratic times Peruvian experts have learned to act strategically and preemptively in order to maintain their autonomy, perhaps losing some of their leverage, but gaining more independence from the incumbent. As confirmed in the Colombian case, a strong political opposition constitutes one more relevant stakeholder that provides more space to economic experts and limits the incumbents' intrusion in economic policy.

The contrast of these economic cases with the following health cases will allow me to further highlight the importance of the causal factors identified in my theory of technical autonomy. While health experts have also achieved significant autonomy from politicians, the less favorable conditions found in this policy area limit the degree of their autonomy and make their successful entrenchment difficult. Health experts remain more vulnerable than economic experts, as chapters six and seven show.



## **CHAPTER VI:**

### **HEALTH TECHNOCRATS IN COLOMBIA**

#### **(1966-1970; 1993-2011)**

Health experts in Colombia achieved autonomy in two episodes. First, during the National Front (NF) (1958-1974) and particularly during the government of Carlos Lleras (1966-70), health experts carried out an ambitious program to modernize and expand the country's health system. Antonio Ordóñez, Lleras' health minister, and his team of experts guided this reform effort at its pinnacle. Nonetheless, conditions were not propitious for these experts' entrenchment. After the end of the NF the health system was used for clientelistic ends and expertise declined. Low scores in each of the four factors of my theory make clear why health experts could not withstand this political intrusion.

The second episode I examine (1993-2011) started in 1993, when Minister of Health Juan Luis Londoño and his "Team Change" successfully advanced a comprehensive reform that drastically transformed the health system (González and Ramírez 2000; Ramírez 2004). Health experts lost some of their leverage after Londoño left the ministry, but remained influential in the following years, either as ministerial advisors or in special offices within the ministry. More recently, during the government of Juan Manuel Santos (2010-2014), experts have regained salience. I explain this more positive outcome with higher scores in three of my factors. First, health policy became more complex in the nineties, partly due to the emergence of health economics and partly

due to the intricacy of the new Colombian health system. Second, with the inclusion of most of the population in a single public system, health policy became a much more salient political issue than in the past, increasing the cost of bad policy performance. Finally, a more balanced constellation of stakeholders emerged around health policy; first, IFIs became increasingly interested in health reform, and then the implementation of reform created new stakeholders, mainly private purchasers and providers, whose presence enhanced experts' space to develop their autonomy. Medium scores in these three factors explain why experts remain relevant actors in Colombian health policy.

The chapter proceeds as follows. In the first section I use my theory of technocratic autonomy to explain technocrats' failure to become entrenched at the end of the NF. Next I focus on the second health episode, providing evidence of experts' autonomy and their continuity in the Ministry of Health after the reform. I then briefly present and dismiss an alternative explanation that finds in business interests the reason for technical continuity in Colombia. In the fourth section I use my theory to explain this more positive outcome. I conclude with some lessons derived from these two contrasting episodes.

### ***HEALTH EXPERTS DURING THE NATIONAL FRONT***

As discussed in Chapter 4, the NF had as one of its main goals the reduction of poverty in Colombia (Hartlyn 1988; Dix 1967, 147). International reports produced in previous years had pointed out health problems and the weakness of the health system as a direct cause of the country's underdevelopment (Sandilands 1990, 159-177; Ministerio

de Salud/DNP 1990, 120-139). The weak and underfinanced Colombian health system was also affected by clientelism: resources, facilities, personnel, and medicines were distributed to reward political loyalty and not according to need (Interview with Urrutia 2008). In that time the *Instituto de Seguridad Social* (ISS) and other special insurance programs focused on urban, formally employed workers, while the Ministry of Health was in charge of serving the rest of the population. The NF leaders aimed to professionalize, decentralize, and depoliticize the health system (Lleras Restrepo 1965; interview with Morales Benites 2006).

During these years the government gave considerable attention to health planning (Bradbury 1975, 6). The Ministry of Health was staffed with teams of medical planners and epidemiologists. As in other Latin American countries these officials were for the most part doctors, but in this case they were competent in public health as well and proposed a comprehensive health system (USAID 1974, 18; Ministerio de Salud/DNP 1990, 148). These doctors included names such as Luis Carlos Ochoa, Héctor Abad Gómez, David Bersh, Santiago Renjifo, and Francisco Yepes, all renowned experts in public health who were part of international epistemic communities with connections to the U.S., Chile, and Venezuela. These experts embraced modern doctrines promoted by the PAHO and other academic institutions that proposed preventive measures to fight disease, rejecting dominant perspectives in Latin America that focused exclusively on treating illnesses (Ministerio de Salud/DNP 1990, 139-144; interview with Ordóñez 2006).

The NF increased health expenditure in the country considerably. Although it is difficult to find precise statistics about health expenditure before and during the NF, a study completed by FEDESARROLLO shows that the ministry's per capita health expenses increased by more than 250 percent from 1966 to 1974 (Vivas Reyna et al 1988, 286). Another study carried out by USAID shows a similar growing trend: in 1961 health expenses represented 1.8 percent of GDP, and in 1970 around 3 percent (USAID 1974, 149).

These years saw a variety of ambitious reforms. In 1960 the Ministry achieved the approval of two legislative decrees (*Decretos* 1423 and 322 of 1960) that established comprehensive health policies for the country (USAID 1974). Later, the second NF government (1962-1966) focused on rural health, training health promoters from within rural communities to reinforce prevention (Ministerio de Salud/DNP 1990, 150). Furthermore, diverse health plans aimed to provide guidelines for the distribution of resources and the development of health facilities (USAID 1974, 22-23). These efforts focused on reducing political bargaining and electoral benefits as the criteria for resource allocation. A main goal of these reforms was to staff the health system with a competent technical bureaucracy insulated from electoral pressures (interview with Ordóñez 2006). The government subsidized public health programs in national universities in an effort to enhance the number and quality of health professionals (Ordoñez 1968, 16).

These reform efforts reached their peak during the government of Carlos Lleras (1966-1970). Lleras appointed Antonio Ordóñez, an internationally recognized health

expert and former PAHO official, as minister of health. Ordóñez brought with him a group of highly qualified experts to implement his ambitious reform plans (Ordóñez 1991; interviews with Ordóñez 2006 and Morales Benites 2006). The team designed a national health plan (*Plan Nacional de Salud* 1968-1977) that included five reform priorities: health policy development, evaluation and supervision of decentralized health facilities, training of personnel, development of more domestic research on health, and achievement of a technical non-politicized budget for the sector. A constitutional reform of 1968 gave the Ministry more regulatory power over the health system (DNP 1974, 31-33).

Ordóñez and his team carried out administrative and regional reorganizations of the health system (DNP 1974, 23). These reforms sought, among other goals, to relocate medical personnel to rural areas. Following his predecessors, Ordóñez also designed a plan to build health facilities according to regional needs (*Plan Hospitalario. Construcción, dotación y operación de hospitales para el trienio* 1970-1972, Law 39 of 1969). The ministry also launched vaccination and family planning campaigns and encouraged the development of sewage infrastructure (DNP 1974, 23). National investment in sewage infrastructure grew by more than 300 percent from 1965 to 1970 (DNP 1974, 77; interview with Ordóñez).

After the end of the NF these technical trends eroded. Although the next government, led by Conservative Misael Pastrana (1970-1974), continued with these reforms, the political tension brought on by the end of the NF was felt in the health

system. When electoral competition between Liberals and Conservatives returned to the country in 1974, health policy and the health bureaucracy were again used for clientelism (Interview with Ordóñez 2006).

Paradoxically, this political intervention was partly brought about by the *técnicos'* relative success. Formerly, NF politicians saw fewer benefits from intervening in the health sector, as it was poor and underfinanced. The health system was used for clientelism, certainly, but did not represent a crucial pool of resources. The situation changed in part due to the NF reforms. The health system was now better funded and had a greater national reach. On top of that, politicians faced a political threat to their influence: in 1970, ex-dictator Gustavo Rojas Pinilla from the opposition party ANAPO almost won the presidency. The following administration used state funds and social programs to reduce the strength of ANAPO, which was especially high among the urban poor (interview with Ordóñez 2006). This urgency created an added incentive for political intervention in the health system. As a result, the nascent health technocracy declined.

What made health experts less resilient to political intrusion than economic technocrats in the DNP or MF during those same years? All four factors identified by my theory score low in this episode and explain the failure. With respect to technical complexity, health policy at that time focused mainly on deciding how and where to distribute resources, an aspect that politicians easily understood and could dispute. Pastrana's government, for example, authorized the building of a hospital for a small

town (El Libano in the Tolima region). There was no technical justification for a facility of that size in such a small town. But politicians, in reality motivated by electoral interests, insisted that the development of this town was important for the region, justifying the investment (interview with Ordóñez 2008).

In addition, there was little technical consensus in health policy. As in other Latin American countries, divisions among health experts in Colombia, especially between those giving priority to prevention and others more inclined towards a more traditional scheme focused on treating disease, made it difficult to reach an agreement about adequate policies (Ministerio de Salud/DNP 1990, 154).

Neither of my two exogenous factors favored experts' continuity in this case. First, as discussed in my third chapter, there are low political costs to bad performance in health policy; and with the return of party competition, as mentioned, there were considerable political gains from intervention. According to Minister Ordóñez the health system became a rich source of clientelism across regions and municipalities (interview with Ordóñez 2006). Politicians realized that they could use the system to their own advantage with little political cost, as the consequences of their intervention remained largely unnoticed and inconsequential for the middle and higher classes. These better-off groupings were covered by the ISS, special insurance systems (*Cajas de Compensación Familiar*), or private insurers (USAID 1974, 19-20).

Furthermore, no balanced constellation of stakeholders existed in the sector to enhance experts' autonomy. Liberals and Conservatives did not check each others'

control in this policy area as they did in economic policy. Both political parties enjoyed the national and regional spoils of clientelism. The users of the health system, mostly poor citizens, lacked leverage and, as mentioned, other sectors of the population had minimal interest in health policy. On top of that, IFIs and national aid agencies largely chose not to direct their efforts towards this policy area. A 1974 study concludes that foreign aid directed for health was low in Colombia. PAHO, UNICEF, USAID and a few private foundations had the most involvement (USAID 1974, 153). These organizations did not possess similar leverage to that of IFIs. As a result, no stakeholders balanced the power of political actors who exploited the system to their advantage.

In spite of the intent of early reformists, the system did not change drastically in its scope, coverage, and capacity. And more relevant for this dissertation, the Ministry remained technically weak. In the following years Colombia's health ministry resembled others in the region: poorly funded and overburdened by its regulatory and health provision duties. By 1991 still only 20 percent of the population was covered by some form of social security, mostly the ISS (Ramírez 2004, 128). The rest of the population depended on public facilities managed by the Ministry of Health, but these were practically unreachable for the poorest citizens.

### ***LEY 100 AND "TEAM CHANGE" (1993-2011)***

As in the previous episodes, experts arrived at the Ministry of Health in 1993 to confront a challenge that was proving unworkable for politicians. President César Gaviria (1990-1994) appointed a team of health technocrats to pass an ambitious health



reform through Congress. This reform transformed the structure of the health system in a much more comprehensive way than most, or perhaps any, previous health reforms in Latin America (Nelson 2004, 49; Ramírez 2004; González and Ramírez 2000).<sup>1</sup> The adoption of the reform and its ensuing implementation are clear evidence of experts' autonomy. Although this high leverage decreased after Gaviria's government, *técnicos* have remained relevant actors in the ministry. In this section I will document these outcomes, and in the next section I will use my theory of technocratic autonomy to explain them.

The 1993 health reform occurred in the context of a wider set of political and social reforms adopted in the 1991 Constitution. A growing crisis fueled by corruption, internal warfare, and drug violence led to a broad debate about the reforms needed to strengthen democracy in the country. President Gaviria embraced the demands of reformists and supported the election of a Constituent Assembly in 1990. Due to different internal processes and events, reformist politicians within the traditional parties and from new parties, such as the recently demobilized leftist M-19 Guerrilla Group, ended up dominating the Assembly (Falleti 2010, 135-139). Some of these reformist assembly members pushed for an ambitious social constitution in an effort to re-legitimize the political system (Ramírez 2004: 126-127; Falleti 2010, 138-139). At the same time, Gaviria's government and other assembly members sought the adoption of market reforms in the Constitution. These market reforms were comprehensive ones, including

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<sup>1</sup> For a comprehensive analysis of the debates, adoption, and implementation of the reform see González and Ramírez 2000. Also, see the Health Ministry's document "Recuento del Diseño y Trámite de la Reforma en Seguridad Social en Salud" (Ministerio de Salud 1994).

some of the second generation reforms that were newly being embraced by IFIs: social policy (health and education) and justice reforms (Edwards and Steiner 2008; Cepeda 1994).

In this way, two different reform projects overlapped in the Assembly: a social-progressive project and a neoliberal one. These two positions emerged in the debates about the content of constitutional articles regarding health policy. On one hand, a sector of representatives related to the ISS, doctors' associations, and health unions demanded a single health system led by the state and based on equity. On the other hand, members of the government proposed a system that promoted efficiency and market competition with more participation from the private sector (Ramírez 2004, 128-129; Uribe 2004, 206-207). The approved constitutional articles (articles 48 and 49 of the 1991 Constitution) were a compromise between these positions, mandating more equity and health coverage, but also efficiency and more private participation. The Constitution stated that in a year the government had to present bills to Congress expounding on the content of these constitutional articles. Before adjourning, the Assembly established a far-reaching commission, including social and state actors involved in the health system, to debate social policy laws, including health.

The members of the commission remained divided between the abovementioned camps. Part of the government, represented by technocrats from the NPD, proposed a law that promoted efficiency, private participation in all areas including insurance, and policies targeting the poor in line with recent IFI proposals. On the other hand, doctors'

associations and experts working within the ISS who embraced a primary health care approach proposed a more state-centered reform, which limited private participation to health provision (Ramírez 2004, 129; Ramírez and González 2000, 37-43). These actors denounced the NPD's proposal as seeking to leave behind the equity-enhancing and social content of the 1991 Constitution (Ramírez 2004:129; interview with Giedion 2008). To make things more complicated, the health ministry took a third position. Shortly after the assembly, Gaviria had invited the M-19 to be part of the ruling coalition and to lead the health reform from the Ministry of Health. The Ministry did not take sides in the debate, but its proposal was closer to the ISS one (interview with Paredes 2008).

As a result, the government was never able to present a unified health reform proposal and debate stagnated. Partly due to these problems, in November of 1992 the M-19 left the government. Gaviria took the opportunity to change the leadership of the Ministry of Labor, Ministry of Health, and ISS to achieve a unified reform team capable of pushing forward social security reforms. Gaviria appointed Juan Luis Londoño, a PhD in Developmental Economics with intensive training in health economics, as his fourth Minister of Health. Londoño was at the time Deputy Director of the NPD, in which capacity he had advanced the abovementioned proposal. Once in the ministry Londoño appointed a team of *técnicos* dubbed by the press "Team Change" (*Equipo Cambio*). The members of this team were recruited from NPD officials working on social policy and other individuals who had recently concluded postgraduate studies in public health (González and Ramírez 2000; interview with Paredes 2008).

In order to push through the reform, Londoño and his team encouraged a broad, participatory process of consultation to determine the content of the new law. This consultation included government officials, territorial authorities, the Colombian Medical Federation, private health institutions, among other groups (Ramírez 2004, 132; interview with Paredes 2008). The Ministry's original stance was amended to include equity considerations. This negotiation strategy achieved a more acceptable draft for the different sectors involved. The draft was comprised of broad, general principles, leaving the details for the implementation stage (González and Ramírez 2000, 50-51). With the crucial backing of President Gaviria, *Ley 100* was finally approved in December of 1993. The government tied the approval of health reform to that of the social security reform, and was thus able to pass both bills simultaneously (González and Ramírez 2000).

The resulting *Ley 100* is a unique blend of equity and efficiency aims.<sup>2</sup> On one hand, the law sought to guarantee equity by including all citizens, those paying fees and those too poor to do so, in a single health system. The system was divided into two subsystems, each offering a package of insured services (*Plan Obligatorio de Salud*, POS). The contribution-based system, which included the formally employed and the self-employed with sufficient income, allowed for a more comprehensive package of benefits. The subsidized system included poor Colombians (as determined by a poverty assessment conducted by the DNP) and offered a health package focused on basic health needs, as recommended by selective health care strategies. Part of the fee paid by those in

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<sup>2</sup> For a more detailed explanation of this complex system see Ramírez 2004, 134-136; González and Ramírez 2000, 32-35; Uribe 2004, 197-201.

the contribution-based regime would fund the subsidized system while the government supplied the difference (Escobar et al. 2009, 5). The law mandated that by 2001 both systems should converge such that all citizens would enjoy the benefits of the contribution-based system.

On the other hand, the system sought to promote efficiency by enhancing private competition in health insurance and provision (Escobar et al 2009, 4-6). Contributing citizens had to choose among private insurance companies, called Health Promoting Enterprises (*Empresas Promotoras de Salud*, EPS) to which they paid their contributions. The law also created EPS institutions within the subsidized system to promote competition. These companies then paid service providers, private or public, now called Health Service Providers (*Instituciones Prestadoras de Servicios*, IPS). In this way, old supply-side subsidies to public hospitals were to be replaced by demand-side subsidies, enhancing competition in the system.

If approving the reform demonstrated experts' autonomy, the events after the reform solidify this impression. Experts succeeded in implementing many reforms in a short period of time and under stressful conditions. Implementation was daunting: technocrats were embarking on deep changes to the health system. On top of implementing *Ley 100*, the reforms also required harmonization with the recently adopted, decentralized political system and with the Constitution. The Constitution and some laws, both old and new (e.g. *Ley 10* of 1990), transferred myriad responsibilities to regions and municipalities, among them health regulation, financing, and provision.

These responsibilities were critical to the functioning of the new system, especially concerning the subsidized system. Londoño and his team also worried that the new President to be elected in 1994 would either reverse Ley 100 or render it ineffective given its generality. This concern was well grounded. Ernesto Samper, the candidate of the incumbent Liberal Party and the favorite to win the election, had made clear his opposition to what he identified as privatization trends in the health sector. Samper came from the social democratic wing of the party, opposed to Gaviria's more neo-liberal wing. When the Liberal Party nominated Samper as their candidate, the team knew they had limited time to implement the reform (interview with Paredes 2008).

Experts abandoned their earlier strategy of broad consultation for a closed, secretive process to implement the law. Team Change worked frantically over a six-month period to entrench the reform. Although experts attempted to vet these policies through a new National Council for Social Security in Health (*Consejo Nacional de Seguridad Social en Salud*), an institution that included representatives from all institutions involved in health policy and that held regulatory responsibilities for the system according to *Ley 100*, this body lacked the capacity to effectively supervise experts. Londoño and his team passed twenty-five decrees in a mere seven months (González and Ramírez 2000, 50-53; Ramírez 2004; interviews with Giedion 2008 and Paredes 2008). Opponents of the reform argued that Team Change abused the limits of the law, making the system much more privately oriented than originally intended, while

members of the team claimed that they were simply following *Ley 100* (González and Ramírez 2000, 50-51).

Knowing that these regulations were easily reversed especially due to the general character of *Ley 100*, Team Change gave priority to creating and regulating the new institutions included in the law. Experts believed that these new stakeholders could more effectively oppose a reversal in the system (González and Ramírez 2000, 50-53). These stakeholders included the institutions in charge of purchasing health services, EPS in the contribution-based regime, and *Administradoras de Régimen Subsidiado* in the subsidized regime. Experts also adopted new regulations for health providers, which included both private and public facilities.

Experts also aimed to maintain technical continuity in the ministry after the change of government. Knowing that the complexity of the reform exceeded the capacities of the ministerial bureaucracy, Londoño tried to build technical groups that could work within the ministry but with some independence. Starting in 1994, a team of experts dubbed “the Harvard Group,” due to the consulting support they received from the Harvard School of Public Health, was charged with designing a plan to provide technical support to the reform in the following years. These experts and consultants produced what is known as “The Harvard Report” (Colombia Health Sector Reform Project 1996), a plan that included a blueprint for implementing the reform. The report proposed the use of an external loan to hire an internationally reputed institution to provide technical assistance and monitor the implementation (Interviews with Castaño

2008 and Ramírez 2008). This plan never came through due to opposition within the Ministry of Finance, which found such a loan too costly. Nonetheless, government funds and an IDB loan for 65 million U.S. dollars allowed for the creation of a special office, *Programa de Apoyo a la Reforma en Salud* (PARS), to support the implementation process. Starting in 1996, PARS took over some of the responsibilities identified in the Harvard report. Nelcy Paredes, Londoño's right hand during the reform, became the first director of PARS.<sup>3</sup>

When Samper won the election in 1994 he appointed as Minister of Health a doctor known for his opposition to the reform. This minister brought his own team of experts, a group that had opposed the NPD's reform proposals from the ISS during the early reform debates (Ramírez 2004, 139, Uribe 2004, 208). The new minister delayed the implementation of the reform and reversed some regulations, especially those concerning demand-side subsidies for public hospitals. The new regulations restored abundant supply-side subsidies for public facilities and forced EPSs in the subsidized system to contract a percentage of services with these facilities. These changes were at odds with the original design that had aimed to promote competition and efficiency by making public facilities compete with private service providers under similar conditions (interview with Ramírez 2009). The minister left after one year and Samper's ensuing ministers, as well as those of Conservative President Andrés Pastrana (1998-2002), were,

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<sup>3</sup> PARS reports and publications are found in [minproteccionsocial.gov.co/salud/Paginas/Programa%20PARS.aspx](http://minproteccionsocial.gov.co/salud/Paginas/Programa%20PARS.aspx)



overall, more sympathetic to the goals of the reform (interviews with Galán Sarmiento 2009 and Paredes 2008). Nonetheless, supply-side subsidies remained in place.

In 2002 President Álvaro Uribe reappointed Juan Luis Londoño in an effort to deepen the reform, especially with regard to the expansion of health coverage. The reform had run into financial problems due to the 1999 international financial crisis, judicial decisions that mandated the state to purchase medicines and medical procedures not included in the original POS, and difficulties brought on by health decentralization (Uribe 2004, 104; interviews with Uribe 2008, Santa María 2008 and Pinto 2009). Londoño brought back several members of Team Change as well as new health specialists. He proposed to merge the Ministries of Labor and Health in a super-ministry of Social Protection. Just weeks after taking office the minister died in a plane accident. Shortly thereafter, Congress passed the proposal to merge the ministries.

Uribe appointed Diego Palacio to the ministry, a member of Team Change but not a health expert himself. Palacio kept on several members of Londoño's team and remained in office until the end of Uribe's second term in 2010 (Interview with Pinto 2009). Palacio focused on expanding health coverage, but gave less attention to controlling the growing deficit in the system (Interviews with Zapata 2011, Ramírez 2009, Giedion 2008, and Gaviria 2008). According to information from the Ministry of Health, by the end of Uribe's government 95 percent of Colombians enjoyed some form of health coverage: 50 percent in the subsidized regime, 40 percent in the contributive one, and 5 percent in special systems. Also relevant, as a response to the growing

complexity of the system, the ministry created the position of technical vice-minister (interview with Ramírez 2009).

The end of Uribe's government was marked by a severe financial crisis in the health system, partly brought on by the aforementioned problems and also due to new rulings of the Constitutional Court that placed additional stress on the system (Clavijo and Peña 2010; FEDESARROLLO 2009; 2010). The government declared the system in emergency and issued executive decrees in response. The Constitutional Court later reversed these decrees (Clavijo and Peña 2010). This crisis eventually led to an increase in technocratic autonomy in the ministry.

Due to these growing problems health policy gained salience in the public realm. Several critical voices even demanded a reversal of the 1993 reform. President Juan Manuel Santos (2010-), Uribe's successor, appointed a widely recognized expert, Mauricio Santa María, former Deputy Director of the NPD, as Minister of Social Protection. Santa María appointed qualified experts to reduce the severe deficit and build the financial base of a sustainable system (interviews with Zapata 2011 and Reyes Forero 2012). The team accomplished major reforms in the system in order to confront these financial problems. They also detached the Ministry of Labor and the Ministry of Health. In December 2011 Santos announced that in January 2012 Santa María would become NPD director and Beatriz Londoño, Santa María's viceminister and a highly reputed expert, Minister of Health, guaranteeing high technical continuity in the ministry.

In conclusion, health technocrats were more successful than their 1960s counterparts in achieving considerable autonomy and continuity. Health technocrats remain relevant actors, either as advisors or in special offices created to give technical support to the ministry. However, though they have been successful in this respect, experts also faced failures that revealed the limits of their autonomy. PARS, for example, provided for a safe place from which to maintain some technical autonomy in the ministry, but it lacked control over the reform process and could not implement its own recommendations (interviews with Ramírez 2009 and Pinto 2009). Health experts in this episode enjoyed more autonomy than in the previous one during the NF and in the ensuing Peruvian episode, but less autonomy than in the two economic episodes discussed in previous chapters. What explains this intermediate outcome?

### ***COMPETING PERSPECTIVE: AGENTS OF BUSINESS?***

Can a business agents perspective explain this outcome? Are health experts the informal agents of the new private actors that emerged in the health system after the reform? As mentioned, the 1993 reform created new private stakeholders in the system. Private health purchasers and providers now have stronger interests in public health policy. Some critics of the reform highlight the power of these private actors in shaping policy to their advantage. Two associations defend these private interests in the system. The Colombian Association of Health Purchaser Companies (*Asociación Colombiana de Empresas de Medicina Integral*, ACEMI) groups all EPS in the public and private

systems.<sup>4</sup> Similarly, the Association of Health Providers (*Asociación Colombiana de Hospitales y Clínicas*, ACHC) includes both private and public institutions. Some health experts involved in the reform now work in these associations, reinforcing the image of a close relation between experts and private institutions. Are these new powerful private actors capable of indirectly controlling health policy through their technocratic agents?

I reject this possibility for two reasons. First, there is no principal-agent relation as proposed by this perspective. On the contrary, experts' preferences frequently oppose the interests of these private actors. Especially in the last years, experts have pursued diverse strategies and adopted policies that put tighter control on these institutions. For example, experts are promoting more control over EPS due to diverse allegations of corruption in these institutions in the last years. Experts' actions include financial interventions in some of these institutions, even in some of the most powerful EPS of the country.<sup>5</sup>

Similarly, the health regulatory agency originally designed to control these new private actors, *Superintendencia de Salud*, did not exercise its functions as expected (interview with Uribe 2008 and Reyes Forero 2012). Recently this agency's charge to control purchaser institutions was transferred to the powerful *Superintendencia Financiera*. Experts argued that the *Superintendencia Financiera* is more suited to exercise this control. This institution is a strong and reputed governmental agency that

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<sup>4</sup> See, for example, the frequent press releases produced in response to policies during the current health crisis. <http://www.acemi.org.co/index.php/es/comunicados>

<sup>5</sup> *El Tiempo*, "¿Por qué renunció el "defensor" de las EPS?", June 3rd 2011.

effectively controls financial institutions. As these examples show, experts act to control private actors rather than protect their interests, as a business agents perspective proposes.

Second, the idea of unified private interests capturing public policy does not acknowledge the contention between these private interests in the system. Currently there are strong disagreements between providers and purchasers. The financial stress over the system is partly caused by the immense debts of purchasers with providers, leading to strong criticisms from side to side in regards to how to fix this problem. The image of a unified private front lobbying health policy and controlling experts is thus exaggerated.

In sum, health experts in Colombia cannot be described as agents of private interests. On the contrary, experts' preferences are quite autonomous to private interests. Furthermore, private actors have opposing interests in health policy that check each others' power. As discussed below, these opposing interests contribute to technical autonomy. A business agents perspective cannot explain technical continuity in Colombia.

### ***EXPLAINING TECHNICAL AUTONOMY AND CONTINUITY***

I propose that medium scores in three of my four factors explain this middling outcome which constitutes a “less-likely case” for technical autonomy. These three factors are (i) an enhancement of health policy complexity, (ii) higher political costs of bad policy performance, and (iii) a more balanced constellation of stakeholders. The remaining factor, technical consensus, remained low. In this section I will first discuss

how experts' actions contributed to crafting their own autonomy, and then explain how the three factors favored expert autonomy.

As in the previous two chapters, this episode shows how expertise provided technocrats with considerable leverage over other actors. In a reform process that became increasingly technical, experts gained control over the policy content of the reform. Londoño and his team were firmly backed by a reformist President, providing them with an advantage not enjoyed by experts in some of my other episodes. But their actions and strategies were also important to achieving the reform and to guaranteeing technical continuity (González and Ramírez 2000, 66-79). This episode illustrates three types of strategies through which experts contributed to crafting their own autonomy.

First, *técnicos* used their expertise purposively to exclude other actors from the policymaking process. Experts' higher technical knowledge and their understanding of health economics became a mechanism by which they could exclude opponents of the reform or overcome the resistance of less well trained individuals. As explained by a member of Team Change interviewed by González and Ramírez: "I was asked to present the proposals to interest groups and congressmen who came to discuss the proposals. (...) It was a strategy that facilitated the international support of the process, as well. Finally, it was also a strategy for exclusion. People who did not understand could not argue the main aspects of the reform. (...) And Juan Luis Londoño did not face many technical arguments against the reform: probably the role played by FEDESARROLLO was one of the few important ones in that sense. Londoño only feared FEDESARROLLO's

arguments, he wanted to be sure the data were right when they had to discuss with him” (González and Ramírez 2000, 75). As discussed below, when analyzing my policy complexity factor, the reform’s complex regulations and its focus on economic aspects such as the distribution of resources enhanced the impact of this strategy.

Second, experts established alliances with internal and external actors to advance the reform (Ramírez 2004, 131). Knowing of IFI interests in health reforms, experts sought these institutions’ support for the reform and for technical continuity in the ministry. The Harvard School of Public Health provided abundant technical support to the reform process, bringing to Colombia some “of the best people working on health topics in the world” (González and Ramírez 2000, 75). At the local level, the team built horizontal and vertical alliances with other governmental sectors working on the reforms, such as the NPD, the MF, and technical teams in the ISS and the Ministry of Labor (González and Ramírez 2000, 66-72). These technical networks within the Colombian state eased coordination to pass the reforms.

Lastly, experts sought to entrench expertise in health policy by creating semi-autonomous offices within the ministry. The Harvard Team (1994-1996) and then PARS (1996-2008) worked in the ministry, but they were not part of the ministerial bureaucracy. These offices remained quite autonomous, independently receiving and managing external funds. Harvard’s School of Public Health also contributed to experts’ continuity, as members of the team carried out studies in Harvard during or after

Londoño's first term. As discussed later, experts inadvertently contributed also to their own stability by rushing to create diverse new institutions within the health system.

Nonetheless, this intermediate outcome cannot solely be explained by experts' strategies. As discussed in the next chapter, Peruvian experts were also quite strategic but failed to achieve similar autonomy. The conditions in this episode were also more favorable than is usually the case in health policy.

The first factor that favored technical autonomy was the growth of health policy complexity. As discussed in Chapter 3, in the late eighties and early nineties health policy became more complex due to an increasing focus on economics. The health economics approach emerged as a response to the challenges of responding to health needs under conditions of resource scarcity. Health policy now required understanding econometric models and complex statistics. The adoption and implementation of *Ley 100* required arranging diverse technical and financial aspects, which only individuals with proper training in economics could fully grasp. And Team Change was amply trained in this discipline: "the group liked to talk based on numbers and graphs" (González and Ramírez 2000, fn 85).

Health policy complexity also grew due to the myriad institutions involved in the Colombian health system (Giedion et al 2000). Understanding the intricate network of new and old institutions and how they relate with each other is difficult even for experts accustomed to navigating the system. To make things worse, the system became even more complex when combined with decentralization reforms that multiplied the



institutions involved in health policy. Colombia has more than a thousand municipalities (approximately 1500) and 32 regions, many of them technically weak, and each responsible for health policy in their jurisdiction.<sup>6</sup>

This complexity enhanced politicians' dependence on experts. According to former minister Augusto Galán Sarmiento (1995-1996), these technical intricacies make it very difficult for new ministers to fully grasp the responsibilities and potential problems of the sector, and reinforces the need to maintain experts as advisors (Interview with Galán Sarmiento 2009).

Technical complexity also gave experts the upper hand when debating about health policy during and after the reforms. The majority of politicians, doctors, union members, and other health experts lacked similar technical knowledge. As discussed above, experts used this complexity to exclude non technical actors during the debate and implementation of the reform. Similarly, Teresa Tono, PARS Director from 2003 to 2008, mentions that opponents of the reform frequently approached the President or the Minister to criticize the system. These criticisms were usually defused by showing their lack of empirical support. While the Ministry and PARS had abundant technical studies to support their positions, many of these critics based their arguments on no or weak evidence (Interview with Tono 2008). Complexity, thus, contributed to experts' autonomy and continuity.

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<sup>6</sup> Kurt Weyland argues that this high complexity was the main reason why the equity-enhancing Colombian model has not diffused across more of Latin America (Weyland 2006, 185).

This complexity becomes more daunting for politicians when paired with my second factor: the political cost of bad policy performance. In the first health episode, NF politicians were able to profit from the health system because this policy area was not of immediate concern for much of the population. After the 1993 reform the cost of bad policy performance became considerably higher for the incumbent. The incumbent now faces more immediate and traceable political costs if he or she does not provide proper solutions to health policy problems. The reason for this higher cost is that more citizens are now directly affected by the public health system (85 percent of Colombians, according to the Ministry of Health). More important for increasing this political cost than just numbers is the fact that now middle and upper class interests in the contribution-based system are entangled with those of poor Colombians in the subsidized system. Although there are several mechanisms used to separate these two regimes (only a small percentage of the contribution-based fund is shared with the subsidized regime, for example), any crisis of the system puts both groups at risk.

However, the costs of bad policy performance were not evident for politicians in the aftermath of the reform. These costs only became evident as problems began to surface. As I have described, several issues plagued the reform following its adoption, largely due to a poor allocation of resources and a growing deficit. In these first years politicians again profited from a better funded health system. A significant percentage of resources were decentralized to regions and municipalities where they were frequently used for political clientelism (e.g. enhancing the number of positions in public facilities)

or simply lost to corruption (interviews with Santa María 20008 and Paredes 2008). From an average of 1.2 percent of GDP in the eighties, the system received around 3.6 percent of GDP in 1998, of which local governments spent around 70 percent.

But clientelism and corruption were not the only problems. Maintaining supply-side subsidies for public facilities led to an increase in health expenditure. Now the government had to pay both supply- and demand-side subsidies to public facilities due to the failure to enforce competition. Also, medical procedures authorized in the contribution-based and subsidized systems surpassed their original limits. Citizens used administrative or judicial rulings to demand that the government pay for these procedures (Escobar et al. 2009; Glassman et al. 2009; Ramírez 2004, 136-137; interviews with Cepeda 2008, Santa María 2008 and Zapata 2010). In 2008 new rulings of the Constitutional Court put the system under even more stress by significantly expanding health expenditures.

As a result of these processes, the health system nearly suffered financial collapse. This crisis had important repercussions among the public (interview with Reyes Forero 2012). President Uribe faced strong public criticism for what was perceived as inaction in providing adequate policy. Opponents of the 1993 reform, among them health experts, reemerged and blamed the crisis on private health organizations, especially EPS. Uribe approved an emergency decree to cut some of this deficit, but the Constitutional Court declared the decree unconstitutional. One good indicator of the strong impact on public opinion is the considerable attention that health policy gained in the press. A search of the

term “salud” (health) and “POS” (*Programa Obligatorio de Salud*) in *El Tiempo*, Colombia’s most widely read newspaper and news website, rendered less than 15,000 yearly results in the last decade. The same search for 2008 jumped to 19,960 occurrences and 19,653 in 2009.<sup>7</sup> Also, in clear contrast to the recent past when security issues monopolized the interest of the citizenry, social issues took center stage in the 2010 presidential election. According to a Gallup poll from April 2010, health ranked second with 12 percent of responses as the most acute problem in Colombia, after unemployment (39 percent).<sup>8</sup> As mentioned, Juan Manuel Santos, Uribe’s successor, appointed experts in the Ministry to face this crisis.

This growing cost of bad policy performance opened more space for expert autonomy and increased their leverage in the health sector. It is now clear to politicians that there is less tolerance for bad policy performance. Experts are public symbols of politicians’ commitment to face this problem. Colombia’s health system is still in crisis and is currently one of the most highly contested issues in the country.<sup>9</sup> In conclusion, this higher political cost boosts expert autonomy.

Third and last, a more balanced constellation of stakeholders emerged in health policy. This constellation was first enhanced by the growing interest of IFIs in health reform during the nineties. As mentioned, members of Team Change were part of international epistemic communities, many of them working or having worked for IFIs

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<sup>7</sup> *El Tiempo*, archivo electrónico. [http://www.eltiempo.com/seccion\\_archivo/index.php](http://www.eltiempo.com/seccion_archivo/index.php)

<sup>8</sup> *Semana*, “Cuáles son los Temas que llaman a Votar en estas Elecciones.” Online edition. April 29<sup>th</sup> 2010. <http://www.semana.com/politica/cuales-temas-llamaron-votar-estas-elecciones/138254-3.aspx>

<sup>9</sup> *El Tiempo*, “Pese a Algunos Avances, la Salud en Colombia todavía sigue en Crisis”, January 23<sup>rd</sup> 2012.

(González and Ramírez 2000, 60-62). The neoliberal reforms advanced by Gaviria included issues such as health and judicial reform recently incorporated into IFI agendas as part of what they called “second generation reforms.” Politicians were aware of this growing interest, reinforcing the need to appoint experts in these areas who could act as interlocutors of IFIs.

Prior to 1993, IFIs’ presence in Colombia health policy was very limited (Uribe 2004, 108). But since the beginnings of the reform, IFIs supported the process, and by doing so enhanced expert autonomy by balancing the constellation of interests in the sector. The WB and the IDB supported the reform in many ways. They provided funds to offer competitive salaries to some members of the technical team during the adoption and implementation process. Also, as mentioned, another foreign institution, the Harvard School of Public Health, provided support from 1993 to 1996 (Ramírez 2004, 138).

As discussed below, the Peruvian episode, IFI interest in health reform had diminished by the end of the nineties. But, in contrast to the Peruvian episode where this absence tipped the balance of stakeholders away from reform, when this happened in Colombia there were already internal stakeholders powerful enough to guarantee a fairly balanced constellation in the health area. Purchasers and providers now had interests in keeping experts in the system, limiting political appetites and curtailing other stakeholders’ influence. The system was designed precisely to exercise these kinds of checks and balances among its parts (Londoño and Frenk 1997). ACEMI, for example,

produces frequent opinions about health policies.<sup>10</sup> Similarly, the ACHC exerts its influence on the government and other actors of the system, such as health purchasers.<sup>11</sup> And given the costs of the current system for the private sector, even the powerful Association of Financial Institutions (*Asociación Nacional de Instituciones Financieras*, ANIF) voices frequent technical opinions about the costs and limitations of the health system (ANIF 2008; 2009; 2010). These mutual checks and balances allow experts to profit and enhance their autonomy.

This constellation is still not as balanced and plural as in economic policy. Some crucial actors such as associations of patients and civic groups are still relatively weak (Ramírez 2004, 132). Also, as mentioned above, some of the new institutions as the *Superintendencia de Salud*, have not fulfilled their expected roles, limiting this pluralism. Similarly, the Health Council that was expected to represent plural interests never gained institutional strength (Grupo de Economía de la Salud 2007; Naranjo et al. 2002). The Council was replaced in 2007 by a health commission with similar functions (Comisión de Regulación en Salud, CRES). Nonetheless, the enhancement of powerful stakeholders allowed for a more favorable environment for expert autonomy.

My fourth factor, consensual expertise, however, remains low in Colombia. Although there is a growing consensus among experts about the need to focus on resource allocation when debating the benefits and shortcomings of the health reform, the

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<sup>10</sup> See, for example, the frequent press releases produced in response to policies during the current health crisis. <http://www.acemi.org.co/index.php/es/comunicados>

<sup>11</sup> For an example of technical reports and research produced by ACHC, as well as press releases, see: <http://www.achc.org.co/investigaciones.php?idcat=28>

divisions in the debate, present since the 1991 Constituent Assembly, remain strong. Many health experts support the reform, but an important group of specialists from public universities, doctors' associations, and public hospitals remain quite critical (Redondo and Guzmán 1999; Yepes et al. 2010). Opponents of the reform criticize new private institutions, mainly health purchasers, for not allowing for real equity in the system and for distorting the use of resources to favor the contribution-based regime. These experts accuse the technocrats who created *Ley 100* of following in the footsteps of traditional Colombian health officials, with their narrow focus on curing illness, rather than adopting a broader preventive perspective that would be more adequate for the country (Yepes et al. 2010).

These divisions among experts weaken technocrats before politicians. Politicians can selectively appoint experts closer to their interests. This happened when Samper's first minister appointed the group of ISS experts who opposed the reform after the Constituent Assembly. Similarly, during these years politicians from the left wing of the Liberal Party and from a new leftist Party, *Polo Democrático*, frequently used the ideas of these experts to criticize the market legacies of Gaviria's government. These divisions became more prevalent recently, when the crisis of the health sector brought the whole reform under scrutiny. Some experts demanded an alternative, more state-centered system that could respond to the many limitations of the current one (Yepes et al. 2010). For now those supporting the continuity of the health reform remain in charge, but these disagreements are strong.

What seems highly unlikely, though, is that politicians can regain total control over the system: politicians need experts from one side or the other in the Ministry. The three other factors leave less space for politicians to limit drastically the role of expertise, which as we shall see, happened in the Peruvian case when IFIs lost interest in health policy and politicians clashed with experts.

## ***CONCLUSION***

These two episodes show that experts can gain autonomy even in unlikely policy areas such as health. In both episodes experts enjoyed considerable leverage to adopt their preferred reforms and enjoyed a good deal of independence from politicians and other social actors. Health technocrats in the sixties built up a public health system and their counterparts in the nineties achieved an ambitious reform. Nonetheless, the low scores in all of my factors in the first episode led to the demise of experts when open political competition returned to the country. This first episode highlights the vulnerabilities that experts often encounter in this social policy area. On the other hand, higher scores in three of these factors allowed for a more positive outcome in the second episode: health policy became more complex, the cost of bad policy performance increased, and a more balanced constellation of stakeholders emerged in health policy. These higher scores have allowed experts to remain relevant in health policy through the last two decades. In sum, these two episodes lend support to my theory of technical autonomy.



What else can we learn from these episodes? First, as discussed in my theory, politicians have incentives to intervene in the health sector and encounter low political costs to doing so. Both episodes show the danger of delivering more funds to state policy areas without taking into consideration this political ambition. Policy makers should be aware that in some sectors of the state, such as a decentralized health system, politicians have considerable control over policy implementation and expenditures, opening the door for clientelism and corruption.

Second, this episode shows how the reforms themselves can enhance the number and importance of stakeholders within a policy sector, indirectly increasing the chances of enhancing technocratic autonomy. Experts rushed to create these institutions to entrench the reform, creating better conditions for their own survival. These stakeholders help to explain the maintenance of technical autonomy even when IFIs lost some of their interest in health policy reform at the end of the nineties. The contrast with the ensuing Peruvian episode is useful in reinforcing these conclusions.

## **CHAPTER VII:**

### **HEALTH TECHNOCRATS IN PERU (1990-2002)**

Health experts in Peru were appointed to the Ministry of Health (MINSA) during Alberto Fujimori's first government (1990-1995). Fujimori's first minister of health hired experts to help him reform the health sector and attract external loans. Even though this minister was fired shortly afterwards, some of the experts that he appointed remained at MINSA until 1993 when they achieved considerable autonomy. Specifically, experts in the International Cooperation Office (*Oficina de Cooperación Externa, OCE*) designed and pursued reforms that achieved significant changes in the health care system. Even if not as comprehensive as the Colombian reforms, these reforms spearheaded by the OCE were quite significant for a sector characterized by immobility (Ewig 2004). In contrast to the high turnover rate of ministers, directors, and advisors in MINSA, experts in OCE remained in their positions for seven ministerial terms during Fujimori's government (1990-2000). Nonetheless, this technical group lacked the leverage to push forward more ambitious reforms and to entrench its autonomy. After a series of political clashes and the reduction of external funds, the area gradually weakened and lost its relevance in 2001.

Even though it proved to be only temporary, what explains the autonomy and stability of health experts in this "less likely" policy area? What conditions limited experts' autonomy in the Peruvian episode, allowing for technocrats' dismissal when they

clashed with politicians in the early 2000's? I argue that medium scores in two of my factors were crucial for experts' autonomy: the increasing complexity of health economics made health policy more complex, limiting political intrusion, and the involvement of IFIs in health reform during the nineties caused a more balanced constellation of stakeholders in the health sector. Nonetheless, these favorable conditions did not suffice to entrench technocratic autonomy over time, especially when IFIs gradually lost interest in health reform by the end of the decade.

This chapter proceeds as follows. In the first section I provide some background conditions of the health system in Peru and briefly mention a failed reform effort in the eighties. This failed effort provides evidence of the challenges faced by reformists in the Peruvian health sector. In the second section, I discuss the rise of experts within MINSA, provide evidence of their significant autonomy, and detail the reasons why they were eventually dismissed. Then, in the third section, I briefly assess an alternative perspective that explains technocratic stability in MINSA by the external support of IFIs. In the fourth section, the chapter's core, I use my theory of technocratic autonomy to explain both experts' autonomy and their demise. I conclude by showing how this episode contrasts with the more successful Colombian one.

## ***THE HEALTH MINISTRY BEFORE THE REFORM***

MINSA has always been a weak and underfinanced state institution, falling very short of responding to its vast institutional duties.<sup>1</sup> MINSA's main duty is to oversee the health system, both public and private. Nonetheless, until recently MINSA also shared with the Peruvian Social Security Institute (*Instituto Peruano de Seguridad Social, IPSS*, now *Seguro Social de Salud*, ESSALUD) responsibility for public health provision in the country. MINSA facilities provide healthcare to almost 75 percent of citizens, mostly from the poorer sectors.<sup>2</sup> Even though poverty is more pervasive in rural areas, the health system has traditionally been highly urban (Ewig 2010, 45-56, 108; Arroyo 2000, 91-123; interviews with Arias Stella 2007, Uriel García 2007, and Tejada 2007).

Expertise has also been very low in the health sector. Doctors linked to the incumbent party yet without specialized knowledge in public health were usually appointed as ministers of health for very short terms (Arroyo 2000; interviews with Johnson 2007 and Sánchez Moreno 2007). Out of 24 ministers from 1980 to 2011, only three had specialized training in public health. Ministerial turnover is very high, and the appointment of a new minister usually implies high personnel turnover (interviews with León García 2007, Vera 2007 and Pastor 2007). Leaving aside a period of stability during the nineties, most directors and advisors in the ministry occupied their positions for

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<sup>1</sup> For an overview of the Peruvian health sector see Alvarado and Lenz 2006; CHON ET AL 2011; Ewig 2004, 218-226; Francke 1998; MINSA 1996; and Petrera and Seinfeld 2007, ch.1.

<sup>2</sup> Currently, 38.8 percent of Peruvians are covered by a subsidized public health insurance (*Seguro Integral de Salud* (SIS) but still 40 percent of citizens lack insurance (Chon et al 2011; Petrera and Seinfeld 2007).

merely one ministerial term (Arroyo 2001, 50; interviews with García 2007 and Peña 2007).

Changes in this policy area were very limited during the eighties, partly due to the worsening economic conditions that drastically reduced the sector's budget. Health ministers not only lacked resources to undertake significant changes, but even small reforms were strongly resisted by health unions (interviews with Arias Stella 2007, García 2007, and Pinilla 2007). An exception to this immobility was the failed reform effort of Minister David Tejada (1985-1987), Alan García's first health appointee. A lifetime member of APRA, the incumbent party, Tejada was deputy director of the World Health Organization (WHO) at the time of his appointment. He was one of the organizers of the highly reputed Alma Ata health conference of 1978 where the WHO promoted primary health care (Cueto 2004). García presented Tejada's appointment as evidence of his commitment to reform the health system as proposed by the WHO (interview with Arce 2007).

Tejada's reform ideas involved a drastic decentralization of material and human resources (Tejada 1985). Once in his position, Tejada assumed that he had the necessary political support to implement these ambitious changes. This impression was reinforced when the proposals received unanimous support in Congress (interview with Tejada 2007). But it seems that the government was not aware of the implications of taking primary health care seriously. The reform led to strong confrontations with unionized

doctors, nurses, health officials and other health experts (interviews with Arce 2007 and Tejada 2007).

According to Tejada, another crucial limit to his reform plan came from MINSA's low level of expertise. The ministry lacked professional cadres that could implement a reform towards primary health care. In a desperate effort to compensate for this deficiency, Tejada himself started delivering informal classes to his directors and advisors early in the mornings (interviews with Arce 2007 and Tejada 2007).

Overwhelmed by the protests, Tejada left the ministry in 1987. Politicians avoided the costs of clashing with unions and reform critics, and did not support Tejada's reform. He was re-appointed in May 1989, but more strikes forced his resignation only five months later. Tejada's failed effort to reform the health system shows the severe limits to which reformist actors are subject at MINSA.

The negative conditions in the health system became even worse by the end of the decade. The economic crisis and political violence diminished the health network, especially in rural areas (Ewig 2004, 221; Interviews with Meloni 2007 and Luján 2007). Inflation reduced salaries to symbolic amounts, forcing MINSA professionals to work in private practices to make ends meet (Webb and Valencia 2006). Public hospitals implemented fees to fend off resource shortages (Arroyo 2000, 59-62). Corruption skyrocketed and the black market for medicine grew significantly (interviews with Espinoza 2007, Cubas 2007, and Meloni 2007). It was under these conditions that health experts arrived at MINSA.

## ***THE EMERGENCE OF HEALTH EXPERTS (1990-2002)***

In 1990 President Alberto Fujimori appointed Carlos Vidal as his first Minister of Health. Vidal, a doctor and former vice-president of the Pan American Health Organization (PAHO), recruited a young cohort of public health experts to fill MINSA's directive positions. Many among them had masters degrees in public health from a prestigious private university, *Universidad Cayetano Heredia*. The majority of these experts had also received some type of technical training from the PAHO (interviews with Cubas 2007, Gozzer 2007, and Meloni 2007).

Vidal's ambitious reform plan aimed to decentralize the health system and increase preventive care (MINSA 1990). Technocrats appointed in the Office of Foreign Aid (*Oficina de Cooperación Externa*, or *OCE*) sought loans to enhance the ministry's limited budget and initiate reforms (interview with Meloni 2007). These experts were aware of IFIs' and bilateral agencies' growing interest in supporting health reform (interview with Cubas 2007). Vidal also appointed two highly reputed experts to lead special programs for immunization and TBC. Nonetheless, this reform process was brought to an early halt when Vidal and Fujimori clashed about the proper way to handle a cholera epidemic in January 1991 (Reyna and Zapata 1991). In February, Vidal was fired and left the ministry with part of his team. But other team members, such as personnel in the OCE and those experts leading the above mentioned special programs, remained in their positions (interviews with Cubas 2007 and Meloni 2007).

*Técnicos'* expertise—and some propitious events—allowed them to remain influential actors in MINSA from 1991 to 1993 by becoming ministerial advisors. After Vidal, Fujimori appointed Víctor Yamamoto, his sons' pediatrician, as minister. A doctor with no public health expertise, Yamamoto relied heavily on experts' advice to avoid mistakes (interviews with Espinoza 2007 and Meloni 2007). In November 1991, Victor Paredes, a congressman from the incumbent party, was appointed minister. Paredes was known for his opposition to Carlos Boloña and MEF's neo-liberal policies. This rivalry was advantageous in maintaining experts' influence in the ministry, as experts became Paredes' allies in opposition to MEF's neo-liberal reform of the health system.

In fact, the same month of Paredes' appointment, Boloña and MEF technocrats approved by presidential decree an ambitious neo-liberal health reform project (Legislative Decree 718). With the goal of enhancing efficiency and competition in the public health system, the project took steps toward privatizing health care provision in Peru. In line with the Chilean health reform model, the decree allowed workers to leave the social security institute and join private health provision institutions called *Organizaciones de Servicios de Salud, OSS* (Weyland 2006, 185-88; Ewig 2010, 106-109). Experts in MINSA disagreed strongly with this reform due to what they believed were excessively high social costs (Ewig 2004; Interview with Meloni 2007). Paredes used experts' arguments to convince Fujimori of the social and political costs of the reform, leading to a delay in its implementation.



In August 1993 Congressman Jaime Freundt was appointed to MINSA. A proponent of neo-liberal health reform in Congress, Freundt was expected to support MEF's reform plan, but nonetheless the policy remained shelved (Weyland 2006, 187-88). It was during Freundt's tenure that *técnicos* became powerful actors at MINSA. Two factors explain this decisive enhancement of technical autonomy.

First, IFIs and bilateral aid agencies approved the loans negotiated in 1990 and 1991, pending some clarifications and revisions. The minister gave more resources to the *OCE* in order to make these clarifications and assure the loans. According to the director of this office during most of the decade, this decision to concentrate resources and expertise in the *OCE* was mainly for efficiency's sake (interview with Meloni 2007). The magnitude of the reforms called for a more technical approach and less rigid administrative structure than what the MINSA bureaucracy could provide (interview with Meloni 2007). These loans were finally approved, and three externally funded projects started that year (interview with Meloni 2007).<sup>3</sup> One of the projects, funded by the IDB and the Japanese cooperation agency (OECD), was used to strengthen the *OCE* (*Programa de Fortalecimiento de Servicios de Salud, PFSS*). The *OCE* was in charge of administering this project and monitoring two other projects that functioned as parallel bureaucracies within the ministry, the *Programa de Salud y Nutrición Básica (PSNB)*, financed to a great extent by the WB, and *Proyecto 2000*, financed mainly by USAID (Ewig 2010, 97-105; Interviews with Meloni 2007 and Gozzer 2007).

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<sup>3</sup> The projects' budgets amounted to 220 million dollars, out of which 152 million were foreign aid funds and the rest governmental funds (Ugarte and Monje 1999).

A second factor that led to experts' enhanced autonomy was the government's decision to start new poverty alleviation programs. With a stable economy and the Shining Path in retreat, the government outlined a plan to alleviate poverty and compensate for the social costs of market reforms. The minister of economics presented the plan to creditors in the Paris Club, who approved it enthusiastically, as it embodied IFIs' recent proposals on human development (Ewig 2010, 80-81). As a result, in 1994 MINSA started a targeted program to provide a basic health package to the poorest sectors in society (*Programa Salud Básica para Todos, PSBT*), fully funded by the national budget (Ewig 2010, 97-100). The plan to design and implement PSBT also increased the need to hire experts in MINSA.

In what follows, I focus mostly on experts at the *OCE*, as this office became a think tank for health reform and lent its support to other reform initiatives. But there were other experts working in MINSA at the same time. The externally funded programs were designed and supervised by the *OCE*, but once they started working they gained considerable independence from the office. Also, the above-mentioned targeting program, PSBT, the immunization and TBC programs, and a program to delegate the administration of medical posts to local communities, had special offices within the ministry and only coordinated strategies with the *OCE* (Ortiz de Zevallos et al. 1999; Ewig 1999: 508-509; 2004; interviews with Meloni 2007 and Vera 2007).

This process started a reform experience unique in Peru due to the amount of resources available from foreign aid and the number of health experts working in the

ministry. The *OCE* was described by a ministry official as a “ministry within the ministry,” composed of an “army” of health experts (interview with Luján 2007). In contrast to Colombia, the reform was not a comprehensive one, which explains why the Peruvian reform has been called a collection of “piecemeal reforms” (Ewig 2004). But these piecemeal reforms constituted an unprecedented series of changes in the Peruvian health system and enhanced experts’ autonomy within the ministry. What evidence proves experts’ autonomy in MINSA?

First, experts exercised considerable influence and advanced significant reforms at MINSA. Experts deliberately established an insulated style of policy making, which allowed them to design and enact their reforms without attracting political attention. They advanced their preferences for policies that targeted the poorest sectors in society. Consequently, they changed some of the urban and middle class bias of the Peruvian health system (Ewig 2010, 56-58). *Técnicos* used international and national resources to provide selective primary health care to vulnerable groups of the population, especially in rural areas. Each project was directed towards these goals. The PSNB, for example, targeted infant and maternal care and also provided training to health officials. (Ewig 1999; 2004; 2010; Petrera y Seinfeld 2007, 79-84; Ugarte y Monje 2000, 575-576). *Proyecto 2000* started pilot projects in five poor regions of the country and also provided training to health officials.

Also, experts privileged the creation of more primary care health centers. The cornerstone for a decentralized health system was the construction of primary care health

centers in shanty towns and rural areas. PFSS used a considerable portion of its funds to strengthen the health network with new facilities, to buy modern equipment, and to enhance administrative capacities (interviews with Gozzer 2007 and Mendoza 2007). As seen in the table below, while the number of hospitals remained constant, health centers and primary care centers considerably increased their share of the total (Ugarte and Monje 1999, 575).

**Table 5: MINSA Health Infrastructure (1980-2002)**

	<b>1980</b>	<b>1985</b>	<b>1990</b>	<b>1992</b>	<b>1996</b>	<b>2002</b>
Hospitals	114	123	130	148	136	138
Health Centers	451	592	826	826	1028	1179
Primary Care Center	1402	1776	2662	2958	4762	5415
Other				2	7	111
<b>Total</b>	<b>1967</b>	<b>2491</b>	<b>3618</b>	<b>3934</b>	<b>5933</b>	<b>6843</b>

Source: MINSA 2007.

More evidence of autonomy is that experts achieved considerable continuity and stability in a ministry characterized by high ministerial turnover and broad rotations of personnel. After Vidal, Fujimori appointed seven health ministers during the decade. Experts remained influential under all of them. As detailed in the next section, experts' relations with ministers were not always peaceful. Their actions show that they were able to escape political control to a considerable degree.

Although these health experts did achieve significant autonomy, the relatively short duration of this episode clearly shows that experts' autonomy was more limited than in the economic episodes and the second Colombian health episode. Experts faced limits on advancing their policy preferences and on defending themselves against political interference in health policies. On the one hand, experts lacked the leverage to achieve a more comprehensive reform in accordance with their preferences. On the other hand, technocrats failed to resist political intervention in technical policies.

Crucial evidence for OCE experts' limited autonomy is their failure to achieve a comprehensive reform in line with their preferences. The document *Lineamientos de Política de Salud (1995-2000)* contained a comprehensive reform plan that aimed to balance equity, efficiency and quality in the health sector (MINSA 1996; Arroyo 1999, 549; Arroyo 2001, 14). Several follow-up documents provided additional details of this proposal and developed a more precise diagnosis of the health system (Mesa Lago 1996; Espinoza 1998). In contrast to MEF reforms, OCE's proposals relied less heavily on market mechanisms for the health sector. The OCE plan had as one of its goals to achieve a subsidized health plan for poor sectors, showing the influence of perspectives oriented by equity. The reform mirrored several aspects of the Colombian health reform. Although experts advocated these reforms and achieved the support of Minister Eduardo Yong Motta (1994-1996), the plan was never implemented due to its perceived political costs (Weyland 2006, 161; 191-92). The appointment of a minister with a more neo-liberal-

orientation in 1996 changed priorities in MINSA, shelving experts' comprehensive proposal.

Peruvian health experts also had more difficulty limiting political interference in their ongoing policies. Two episodes clearly show these limitations. As just mentioned, in 1996 a new Minister, Marino Costa Bauer, led a new effort to privatize social security health care in a similar vein as the failed reform of 1991 (OSS). The minister hired a law firm to review the 1991 OSS project and draft a new bill (Arroyo 1999, 14; Ewig 1999, 509-11). MEF experts supported this reform effort to create private health providers (*Empresas Prestadoras de Salud, EPS*) and once again the MINSA technocracy opposed this reform (Ewig 1999, 510). Nonetheless, contrary to experts' preferences, the decree was finally approved. Although eventually Congress reversed this decree and in the end the incumbent approved a law considerably less comprehensive, the fact is that experts were not able to oppose this reform. The reform only was watered down due to its perceived political costs (Weyland 2006, 193).

A second episode of political intervention occurred when President Fujimori announced in July 1997 the creation of a free insurance program for school students (SEG). The President made the announcement during his message to the nation without consulting MINSA. As a result, the minister of health had to implement this insurance plan hastily and without proper evaluation (Jaramillo and Parodi 2004; Arroyo 1999, 575; Ewig 2010, 112-114). Health experts opposed SGE because they did not consider school students a particularly vulnerable group. Limited resources, they argued, would be better

targeted towards infants or maternal care. But the decision was politically very attractive: a broad population was covered at a comparatively low cost due to students' age and relative health compared to other social groups (Jaramillo and Parodi 2004, 16). In 1999 the ministry started a maternal and infant insurance program (*Seguro Materno-Infantil*), but SEG was also maintained.

These political changes and clashes eventually led to the end of the technocratic experience. The fall of OCE was gradual, but steady. In August of 1999 Vice-minister of Health Alejandro Aguinaga was appointed minister. Aguinaga had been vice-minister since 1994, and during his years in the position had already had some clashes with the *OCE* (Anonymous interviews with two member of the *OCE* reform team). Due to his long tenure, Aguinaga understood how the ministry worked, so experts had less leverage over him.

Resources also started to become scarce, partly due to IFIs' diminishing interest in health reform by the end of the decade, and partly due to the end of Fujimori's government. As mentioned in the previous chapter, IFI focus on social policy decreased by the end of the decade. The IDB, for example, did not renew its loan for PFSS. *OCE* started to seek a new project called PARSALUD (*Programa de Apoyo a la Reforma de Salud*), which would have allowed MINSA to adopt a more comprehensive plan of public insurance for vulnerable sectors and keep expertise in the ministry high. The loan consisted of U.S.\$270 million to be financed by foreign donors and a third by the national budget. The abrupt end of Fujimori's government in 2000 brought prompt a

reconsideration of these credits (MINSA 2001, 23). In 2000, during the transition government, MEF opted not to pursue these loans due to budget reasons. A smaller loan of \$88 million was finally approved that year for PARSALUD (interviews with Meloni 2007 and Pretell 2007). Also, the administration restructured the *OCE* (MINSA 2001, 28). The new administration criticized the office, and the foreign aid projects in general, for developing parallel bureaucracies in MINSA (“Islands of Efficiency”), without using the projects’ products and resources to reinforce MINSA’s bureaucratic capacities (MINSA 2001, 21-22; interviews with Pretell 2007 and Vera 2007). This shortage of resources, added to internal disputes among experts concerning their participation in Fujimori’s reelection campaign, led to the departure of several *técnicos*.

The end of this health technocracy came under President Toledo’s government in 2002 when Luis Solari (July 2001-January 2002), a doctor and leading member of President Toledo’s political party *Perú Posible*, was appointed minister of health. Solari has strong Catholic beliefs and opposed several policies promoted by the ministry, especially family planning programs. According to Solari, many experts who had worked in the ministry under Fujimori were still in their positions when he reached the ministry. In his opinion, they were responsible for conducting abusive health policies, such as promoting planned parenthood’s surgical interventions with no proper consent, and were involved in corruption within the ministry (interview with Solari 2007). Solari’s successor, Fernando Carbone (January 2002-June 2003), shared his convictions and policy preferences. Diverse experts recall this “Catholic” period as one in which several



experts left the ministry, affecting the continuity of several programs (interviews with Espinoza 2007, Luján 2007 and Meloni 2007). Priorities, personnel, and policies were easily changed at MINSA.

In the following years no similar technocracy has emerged at MINSA, although some ministers were more reform-oriented than others. MINSA returned to a pattern of having high turnover rates for top positions with each ministerial change. In October 2008 Alan García appointed a reputed health expert, Óscar Ugarte, as minister of health. His longer tenure allowed for some policy continuity and the technical reinforcement of certain areas in the ministry. Nonetheless, President Humala's (2011-) first minister, Alberto Tejada, conducted new changes of personnel. Tejada is a doctor and a politician, not a health expert.

Concluding, experts achieved meaningful changes in the Peruvian health system and autonomy for almost a decade. Nonetheless, the episode also shows the limits of health experts' autonomy and the difficulty of entrenching this autonomy. What explains this outcome?

### ***COMPETING PERSPECTIVE: AGENTS OF IFIs***

Can IFI interests in health reform explain technocratic autonomy in MINSA? As discussed previously, foreign resources were fundamental for the development of a technical bureaucracy in MINSA. Experts had a close relation with IFIs and some of their

policies followed these institutions' recommendations. Were OCE technocrats the agents of IFIs? Two reasons make me reject this possibility.

First, although experts' preferences followed some of IFI recommendations for health reform (e.g. promoting efficiency and targeting vulnerable groups), there was no principal-agent relationship between IFIs and the technical group. Experts had their own preferences, not always consistent with IFIs recommendations. *Técnicos'* preferences and their policies were also influenced by policies promoted by the World Health Organization (WHO), the Pan American Health Organization (PAHO) and the United Nations Population Fund (UNFP), institutions that lack the kind of leverage over countries that is attributed to IFIs. More importantly, there is no evidence of IFI coercion in the adoption of experts reforms (Ewig 2010, 83).

In fact, my research shows that IFIs lack the leverage to impose their preferred policies in health reform. IFIs involvement is always limited. IFIs may oppose certain decisions, as the creation of SGE, or delay the allocation of funds, but as the SGE episode shows, IFIs' leverage is not enough to limit political intervention in those cases in which politicians have strong interests to do so. No expert interviewed mentioned IFI support as important to maintaining technical expertise and even two *técnicos* interviewed who prefer to remain anonymous complained about the lack of support of these agencies when conflicts with politicians arose.

Second, experts were strategic in limiting IFI leverage over their reform projects, which clearly shows their independence from these institutions. Experts' were aware that

depending on one international donor could make them vulnerable. In consequence, *Técnicos* designed their programs so that they did not depend exclusively on one financial source. This strategy allowed experts to play donors of against each other (Ewig 1999, 504). As explained to Ewig by an OCE official: “by seeking multiple sponsors for a project or reform, they could say to a demanding foreign donor that they were not the principal financier and thus would have to compromise” (Ewig 2010, 83).

In the following section I show that IFI interest in health reform was crucial to allow experts to gain autonomy. IFIs contributed to making the constellation of stakeholders surrounding health policy more plural and balanced. Thus, IFIs gave experts more political space to advance their preferences and achieve autonomy. But to explain experts’ autonomy by the leverage of these institutions is an exaggeration.

### ***EXPLAINING HEALTH EXPERTS’ LIMITED AUTONOMY AND EVENTUAL FAILURE***

This technocratic episode at MINSA corroborates my theory. As in the previous episodes experts gained autonomy when politicians appointed them to implement policies that neither they nor the ministerial bureaucracy could enact. Experts carefully maneuvered to avoid political clashes and advanced their reforms for almost a decade, until their demise. Intermediate scores in two of my factors favored this outcome: the increasing complexity of health economics, and the involvement of IFIs in health policy during the nineties, which enhanced the balance of stakeholders in the health sector. My

two other factors, technical consensus and the political cost of bad policy performance, remained low, explaining why, when IFI interest reduced and politicians clashed with experts, technical autonomy declined. In this section I first discuss how experts exploited their knowledge to enhance technical autonomy; then I focus on my four factors and how they favored and limited technical autonomy.

As discussed above, politicians appointed experts and provided them with significant power to respond to a series of external and internal demands. This delegation was significant, allowing experts to work on their reform projects quite independently. But members of OCE also crafted this autonomy by acting strategically. An example of this strategic action is that experts pursued reforms with little publicity. In contrast to Colombian experts, their Peruvian counterparts opted for an insulated policy style in which technical groups discussed reforms among themselves, with little external involvement. This secretive reform style explains why the Peruvian reforms have been called “politics of stealth” (Ewig 1999; 2004).

The technical team was aware that legal changes required negotiation and the active involvement of politicians, which would attract attention to the process and maybe arouse opposition. To avoid such problems most of these reforms were approved through presidential or ministerial decrees. For example, PSBT, CLAS and other programs were all adopted through such infra-legal rule changes (Ewig 1999, 490-493; Arroyo 1999; interview with Meloni). Legal changes to institutionalize some of these reforms were adopted much later, in 1997, with the approval of the *Ley de Modernización de la*

*Seguridad Social en Salud* (Ley 26790) and the *Ley General de Salud* (Ley 26842) (Arroyo 1999, 542-547; Ewig 1999; see also Ortiz de Zevallos et al 1999, 22).

The success of this “silent” strategy shows how much leverage experts can gain due to politicians’ lack of information about ongoing policies. As discussed in previous chapters, incumbent politicians were not fully aware of the reforms and left decisions in experts’ hands. Moreover, the political opposition also remained unaware of the changes going on in the health sector. As discussed by diverse authors, the political opposition paid little attention to health sector reforms and was not informed about changes in the ministry (Arroyo 1999, 549-551; Ewig 2010, 98; Ortiz de Zevallos et al 1999, 27). Some health experts have criticized this insulation for not entrenching the reforms in a broader constituency, making them more vulnerable to future reversal (Arroyo 1999; Ewig 1999; 2004, 242-243; Francke 2001; Ugarte and Monje 2000, 606-611; interviews with Francke 2007 and Pretell 2007). Nevertheless, such a way of proceeding was successful in achieving changes in the short term and clearly shows experts’ independent decision making.

Further evidence of experts’ strategic action was their use of IFIs to protect their reform efforts. Experts sought IFI support to oppose political intervention in the reforms. For example, experts asked IFIs to put pressure on the government to modify Fujimori’s school insurance program (SEG) in order to complement it with a maternal and infant health insurance program that was later adopted (Weyland 2006, 161-162). Similarly, they also supported IFIs and bilateral agencies’ decision to insulate reform projects from

the ministerial bureaucracy. Experts were aware that this insulation reduced the chances of political intervention, enhanced efficiency, and guaranteed autonomous room for expertise.

But, as in the previous chapters, experts' strategies are only part of the story. Two factors identified by my theory –complexity and a more balanced constellation of stakeholders- explain experts' autonomy and success in advancing a reform agenda. The low scores in the remaining factors explain the limits to this autonomy and experts' final demise.

First, with the emergence of health economics, health policy became more complex, providing more autonomy to experts. Now policies had to include new criteria, such as cost effectiveness, causing decision-making to become much more complex. This complexity contributed to experts' autonomy. It explains why technocrats kept their jobs after Minister Vidal was fired early in 1991. By providing new ministers with technical advice, experts were able to remain in their positions for two ministerial terms. The need of mustering technical knowledge also explains technocrats' considerable autonomy after 1993. It was the need to reinforce the OCE in order to obtain external loans and the decision to implement complex targeted poverty alleviation policies that gave experts in MINSA considerable leverage, even if some ministers, such as Freundt or Costa Bauer, did not fully share their reform agenda.

Handling these complex reform projects gave experts informal protection from political interference. According to experts interviewed, each new minister wanted to

know about *OCE* projects. Once they received the information about the ongoing reforms, ministers realized that changes in the OCE would affect the stability of these complex projects (Interviews with Meloni 2007 and Gozzer 2007). As a result, ministers preferred to leave the status quo untouched. Three different members of the OCE told the same anecdote. Given the usual short tenures in the health sector, when these experts were first hired they assumed their appointment would be brief. After some months they started to realize that they had achieved considerable stability, even more stability than health ministers, who “passed and passed” while they stayed in their positions (interviews with Gozzer 2007, Meloni 2007 and Mendoza 2007). This stability is explained by the fact that experts were in charge of complex ongoing reforms, making it politically risky to dismiss them. As discussed below, this caution to intervene with international projects is also evidence of the importance of stakeholders, such as IFIs, for technical autonomy. In sum, the higher level of technical complexity in this policy area, partly caused by health economics, increased the level of expertise required to design and implement policies.

Nonetheless, even if more complex than before, health policy has remained less complex than economic policy. The consequences of these reforms are more understandable for those working in, or having interests in, the health sector. This lower complexity allowed other actors, such as doctors or politicians, to interfere in policy decisions. As a result, it was still possible for these other actors to oppose experts’ policies and proposals. In particular, Peruvian reform efforts were sometimes thwarted by

political interests. The clearest political intervention during the decade was Fujimori's decision to adopt the SEG against experts' advice. Experts thus remained more vulnerable in this important respect.

Second, a more plural and balanced constellation of stakeholders emerged temporarily with the growing interest of IFIs, such as the World Bank or IDB, in health policy during the nineties. IFIs' interest in health reform gave as a result a more balanced and diverse constellation of stakeholders in the health sector. The Peruvian case shows how a change in this constellation of stakeholders can provide an opening for expertise to emerge.

This more balanced constellation of stakeholders favored experts in many ways. IFI interests enhanced the need of politicians to appoint experts, informally limiting political intervention in ongoing reform projects. The incumbent appointed experts in poverty targeting programs in 1993 to show creditors and IFIs that the government was adopting sound, responsible policies. Also, ministers were aware that replacing technocrats could affect IFI sponsored reform projects, providing experts with an indirect coat of protection. And, as discussed above, experts strategically used IFIs to gain leverage with the incumbent. For all these reasons, IFIs' involvement enhanced technical autonomy.

But the constellation of stakeholders still remained unbalanced, with the incumbent constituting the dominant actor in the system. Other IFIs, no powerful actors had interests in health policy. There were only NGOs specializing in public health and



some think tanks paying attention to the health sector. Private actors remained largely uninterested in the health system. After 2000, when IFI involvement in health reform declined, the constellation of stakeholders became even more unbalanced.

My remaining two factors score low in this episode. Technical consensus around health policy remained low in Peru. This was somehow paradoxical. By the time of the reforms health expertise was already reaching an international consensus around some broad version of selective primary health care (Cueto 2004, 1868-1869). Although selective primary health care was not yet an entirely unified field, IFI and diverse health international organizations, such as the PAHO, WHO, UNICEF, gradually took interest in selective primary health care partly because it proposed realistic, measurable, and easy to monitor strategies (Yglesias 1999, 531). Health experts in the *OCE* considered themselves part of this growing international consensus. In the words of one expert: “We are in a process of internationalization of the politics of health. Like in economics, you see that there are a series of economic policies that have an international level of consensus. Health is in a process of that kind” (Anonymous health expert, interviewed by Ewig 2010, 81). Experts’ designed their 1995 reform plan within this consensus. Technocrats sought to promote both equity (with subsidized regimes) and efficiency (by enhancing competition in the health and social security systems). According to a local observer, this reform plan represented a centrist option (Arroyo 2001, 14).

Nonetheless, in Peru this nascent consensus did not exist in the early nineties. On the one hand, the international experts’ position seemed too neo-liberal for some Peruvian

health experts. A group of Peruvian *técnicos* favored a single, national healthcare system (Arroyo 2000, 73). These experts were still active in the nineties, and were found in the Peruvian Academy of Health, medical associations, and the Institute of Social Security (interview with Sánchez Moreno 2007). Another group of experts continued to promote the original version of primary health care or a rights-based approach to health policy (interview with Tejada; Arroyo 2000, 75-6, 161; Yglesias 1999, 529). These specialists criticized experts in MINSA for accepting too uncritically external health reform recipes.

But MINSA experts also had an open flank on their right. MEF technocrats, in particular favored a quite extreme neo-liberal version of selective primary health care. The market-oriented Chilean health reform inspired these experts. As evidenced in MEF's support for the OSS reform decree of 1991 and the EPS reform of 1996, both examples of failed neo-liberal reforms, these policy divisions remained acute throughout the decade (Arroyo 1999, 552-553; 2000, 162).

This lack of consensus over health policy weakened experts' position in favor of a centrist reform. Other specialists questioned MINSA reform proposals. Ministers were able to choose among these different available options. When Fujimori demanded the implementation of SEG, for example, the ministry appointed experts willing to implement the changes (Ewig 2010: 112-115). Also, neo-liberal experts designed and tried to advance Boloña's OSS and Costa Bauer's EPS reforms. Costa Bauer hired an external group of lawyers to draft a first proposal of the reform.

As these incidents show, experts with different perspectives were sometimes working side by side within MINSA, but pushing reforms in different directions. Internal disputes wasted energy that could have been directed towards a common reform plan. MINSA experts certainly did not contribute to building this consensus. As mentioned before, MINSA experts opted not to engage in debates with other health actors (Ewig 1999:491-92). What is clear is that this lack of consensus did not allow for a unified front of reformist health experts, thus weakening experts' position *vis-a-vis* politicians.

Lastly, the episode confirms that there are low political costs if the incumbent delivers bad health policy outcomes. Those affected by defective health policies in Peru belong to the lower classes of society and command very limited political influence. As a result, health policy plays a very limited role in the public debate. Health is a topic that rarely emerges in presidential campaigns. And when it does it usually involves promises of reform with little technical and precise policy content. Evidence of this lack of public awareness of health policy performance is the attention given by Peruvian to this issue in opinion polls. In the last three years (2008, 2009 and 2010), when asked what were the three most serious problems in Peru, bad health policy (*salud pública inadecuada*) ranked 9<sup>th</sup>.<sup>4</sup> In consequence, there are few political consequences if politicians do not follow experts' advice in health policy, if they intrude in ongoing reforms, and if performance in this sector therefore remains weak.

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<sup>4</sup> Ipsos - Apoyo Opinión Data, Year 10, N.123. April 19<sup>th</sup> 2010. [http://www.ipsos-Apoyo.com.pe/sites/default/files/opinion\\_data/Opinion%20Data%20Abril%202010.pdf](http://www.ipsos-Apoyo.com.pe/sites/default/files/opinion_data/Opinion%20Data%20Abril%202010.pdf)

As discussed above, this lack of political interest sometimes favored experts, as they could advance policies with little interference from politicians, who were unaware of the ongoing reforms. But it also reduced the urgency of conducting reforms, limiting experts' leverage. And when politicians did interfere, they could do it without political cost, even achieving short-term popular support as a result of their actions. President Fujimori's decision to adopt SEG in 1997 is a good example of such a direct intervention: the policy was electorally attractive for his reelection effort in 2000. Ministers' interference with experts' policies or their lack of interest in technocratic reform plans clearly shows the relevance of this factor.

The medium scores –at least temporarily– of two of my factors, and the low scores in two of them, indicated that experts' autonomy was weak and more vulnerable to political intrusion. Experts' enjoyed considerable leverage in MINSA, but never achieved enough power to push through their preferred policies or gain a stable, entrenched position. When IFIs reduced their interest in health reform and experts clashed with politicians, technical autonomy reduced in MINSA.

Before concluding, it is worth mentioning an area in MINSA that stands as an exception to this lower level of autonomy and that provides additional evidence for my theory. The epidemiology office in MINSA has achieved considerable expertise and stability over the last three decades. The personnel in this area have higher technical skills than the bureaucracy of the rest of the health sector and its directors achieve longer tenures (Arroyo 2001, 50; interviews with Espinoza 2007 and Ramírez 2007). This office

is part of an international community of epidemic research. As such, the office receives external funds from USAID and Johns Hopkins University to collect and analyze information about epidemics in Peru.

This higher technical level was successfully crafted by epidemiology officials. In the eighties, in order to insulate and professionalize the office, epidemiology officials created a special course on controlling epidemics and epidemic readiness (*Programa de Especialización en Epidemiología de Campo*, or PREC) as a requirement of entry (interview with Espinoza 2007 and Ramírez 2007). The program is fully funded by external aid and administered by a private university, thus limiting political influence. PREC shows how epidemiologists successfully reformed their own rules of appointment to guarantee that only qualified individuals work in this area. Why were epidemiologists capable of crafting considerable autonomy in MINSA?

My theory explains this exception well. Experts were able to maintain their autonomy due to the more advantageous conditions found in this area. First, policy making in the area is quite complex. Officials require specialized education in controlling epidemics and must be capable of managing a complex statistical system of epidemic occurrences, limiting the possibility that unqualified personnel are appointed. Second, epidemiology is an area in which expertise remains largely uncontested. Epidemiologists form a close and cohesive epistemic community with important networks in the world. Third, the political costs of not following specialized advice in epidemics control provide epidemiology with some sort of “natural” protection: the costs of intruding or politicizing

this area could be enormous. As mentioned by a health specialist, no politician wants to deal with a pandemic (interview with Espinoza 2007). Finally, stakeholders such as USAID and Johns Hopkins University support the work of the *epidemiólogos*, providing them with resources and key allies to enhance their expertise. As a result, the office remains quite professional and autonomous. In sum, where several of my factors happen to be present, technocratic autonomy does emerge in the health sector.

## **CONCLUSION**

The Peruvian health case also shows that even in less likely policy areas experts can muster considerable autonomy and advance their preferred policies. The need to develop health reform projects led to the appointment of experts in MINSA. From the *OCE* and other areas of MINSA experts were able to conduct piecemeal health reforms. Experts were strategic in advancing the reforms and insulating their policies from political intervention. The higher scores in two of my factors (policy complexity and constellation of stakeholders) contributed to the temporary autonomy of health experts in MINSA. Nonetheless, the lower scores in the remaining factors explain why experts' autonomy was not strong enough to resist intrusion, and as a result eventually this technocracy failed to entrench itself. The conditions were not propitious for technical autonomy, especially if by the end of the decade IFIs had lost some of their interest in health reforms.

A crucial difference with the more successful Colombian health technocracy lies in the lack of powerful stakeholders sharing interests in health policy making after the

reform. In contrast to Colombia, in Peru health provision still remains linked to hospitals and other public facilities. There are few private actors such as health providers in Colombia with interests in guaranteeing adequate health policy provision. Without such stakeholders Peruvian experts remained more vulnerable with less opportunity to entrench their autonomy.

Also important, in Colombia the health system now includes medium and higher social classes, thus increasing the political cost of bad policy performance. Colombian politicians face strong public criticisms if they do not respond to crises in the medical system. In contrast, in Peru the health system mainly concerns poor sectors of society. Health remains quite irrelevant in the public debate and health reform is not an issue outside of electoral times.

Interestingly, the current conditions in Peru are more advantageous for experts' autonomy. In the last decade there is a growing epistemic community of health experts in Peru. Since 2000 the World Bank and local think tanks have produced a considerable amount of work on public health (Alvarado and Lenz 2006, 145-47). Among these experts there exists a growing consensus on what constitutes adequate health policy. Even if some experts promote a rights-based approach to health policy and others focus more on selective health care, most agree that any health reform need to face resource limitations (Arroyo 1999, 561; 2000, 86; Chon et al. 2011; Francke 2001, 16-18; interview with Portocarrero 2010). However, these changes in civil society have not been followed by a similar enhancement of expertise in the ministry.

## **CHAPTER VIII:**

### **CONCLUSION**

This dissertation presents an in-depth comparative analysis of technocrats in Latin American democracies. I demonstrate that technocrats in the region are best conceptualized as autonomous actors, capable of pursuing policies that are distinct from those preferred by other important socio-political actors, such as their political superiors, IFIs and business. This main finding disconfirms arguments that derive experts' role from these powerful actors. Experts' actions and choices carry important consequences at the economic, social and political level in Latin American democracies.

My main contribution is a theory of technocratic autonomy that explains both the source of experts' autonomy and the variation in this autonomy across policy areas and time periods. As discussed in chapter three, technocrats' main source of power is technical expertise. After their appointment, which is generally motivated by politicians' need to solve some acute problem, experts gradually gain control over policy making. By increasing the sophistication of public policy, experts marginalize other less technically competent actors from policy making. Technocrats use their expertise strategically, aiming to protect and enhance their autonomy. By applying their technical skills purposively, they exclude other actors from policy making; divert political and socioeconomic pressures; build informal and formal institutions that guarantee their



stability and reproduction; and build alliances with other actors to advance technical preferences.

As discussed at length in chapter three and developed in my empirical chapters, experts' autonomy, however, varies in strength across policy areas. Some experts are more influential and more likely to entrench their autonomy than others. My theory explains this variation with four factors. First, a higher level of technical complexity in a policy area allows experts to exclude non-technical actors from policy making. Second, a stronger technocratic consensus in a policy area gives experts' prescriptions legitimacy and limits the possibility that they are replaced by other experts with preferences closer to those of politicians. Third, experts are more likely to gain autonomy in issue areas in which negative policy performance cause high political costs for the incumbent. Finally, a balanced constellation of powerful stakeholders sharing interests in a policy area enhances experts' autonomy by vetoing the intrusion of the incumbent and of other competing stakeholders. Under these conditions technocrats' strategies are more successful and experts are more likely to achieve long-lasting autonomy.

My analysis of economic and health experts in Colombia and Peru provides empirical support for this theory. In all six episodes experts mustered considerable influence over policy making; even health experts, widely seen as "less likely cases" of technical influence, exercised much more authority than expected by competing theories. Consistent with my theory, though, I show that economic experts enjoyed significantly more autonomy than health experts. Economic technocrats were more likely to gain

autonomy and entrench it over time, while health experts remained more vulnerable and entrenchment was unlikely. In two of my episodes, Colombia from 1958 to 2011 and Peru from 1990 to 2011, economic technocrats exercised considerable autonomy and achieved long-lasting stability because of their strategic actions and the advantageous conditions they enjoyed. Health experts mustered enough autonomy to conduct reforms that shaped policy in their issue area. Nonetheless, as expected by my theory, in the two episodes in which my four factors scored lower, Colombia from 1966 to 1970 and Peru from 1990 to 2002, experts eventually lost their positions after clashing with political interests.

Variation in these four factors also explains variation in autonomy in the same policy area over time. In the first Peruvian economic episode (1980-1983), the lack of technical consensus and the absence of a plural and balanced constellation of stakeholders were decisive factors explaining experts' demise. Politicians and business interests were able to successfully oppose MEF technocrats. In contrast, higher technical complexity, an enhancement of the political costs of delivering bad health policy, and a more plural constellation of stakeholders allowed for the emergence of a more autonomous and stable public health technocracy in Colombia (1991-2011). Although not as strong and stable as economic technocrats, Colombian health technocrats have remained relevant actors in health policy.

How generalizable are my findings? Similar trends to those observed in my economic episodes are found in Brazil, Chile and Mexico. After their appointment in

economic institutions in the 1970s and 1980s, economic experts have remained influential after these countries' democratic transitions and throughout several presidential terms (Montecinos 2005; Silva 2008; Babb 2001). Changes in the parties in power have caused some shifts in policy preferences, but they have not reduced the technical capacity of economic institutions. In Brazil and Chile socialist parties' rise to power by did not affect these technocratic tendencies. In general, health experts have remained more vulnerable across Latin America. With few exceptions of strong health technocracies across the region (Brazil; Costa Rica), health experts are much less influential than their economic equivalents. Health sectors remain poorly financed and technically weak (Kaufman and Nelson 2004; Nelson 2004).

The economic cases, then, show the resilience and stability of technocratic autonomy. It seems that only a strong shock in the political system can affect technical entrenchment in economic policy making. Such a shock can be, for example, a severe economic crisis that delegitimizes experts' technical approach among the citizenry and other experts, allowing politicians to replace them. Such an event happened in Argentina. Nestor Kirchner (2003-2007), an old-style populist of the Peronist party, was elected president after the severe financial crisis of the turn of the millennium. Kirchner was able to politicize decision making and reduce technical capacity in economic institutions to a considerable degree. Economic technocrats in these state positions had been associated with the neo-liberal reforms of the early nineties which, according to a majority of Argentineans, contributed to the financial crisis after 1999. When the economic collapse

of 2001-2002 made these policies unpopular, Kirchner had enough leverage to fire experts and hire economists with lower technical credentials and policy positions closer to his own preferences. The lack of a strong political opposition facilitated this decision. But in the absence of such dramatic events, technical autonomy in economic areas appears quite solid.

More broadly, the predictions of my theory can be applied to *técnicos*' emergence and entrenchment in other policy areas of the Latin American state. Ministries of commerce and central banks are all policy-making institutions with similar conditions as those prevailing in economic areas, and are thus "more likely cases" for technocratic autonomy. In these areas we observe considerably greater technical stability across the region. In contrast, social policy sectors, such as ministries of education and ministries of labor, are state institutions where conditions resemble those found in health ministries; they are thus less likely sectors for technical autonomy.

This thesis, then, demonstrates experts' power in democratic times. As highlighted by other authors, experts remain key actors in Latin American democracies (Centeno 1994; Centeno and Silva 1998). What are the broader implications of these findings for political science and for the field of comparative politics? How do they inform our understanding of the state and the output side of politics in Latin America? What are the practical implications of these results for public policy makers? Does the power of experts affect the quality of democracy in the region? In this concluding section I focus on these and other theoretical issues.

## ***THE RELEVANCE OF TECHNOCRATIC AUTONOMY***

First and foremost, these findings show that “technocratic autonomy” constitutes a valuable concept for the study of important political phenomena in Latin America. Any analysis of policy making must consider technocrats as relevant actors. In the jargon of the discipline, technocrats deserve to be considered independent variables when studying politics and policy making in the region. My findings point to the limitations of electoral incentives theories and structural approaches for the study of politics in Latin America.

As mentioned in the introduction, the “output” side of politics deserves much more attention than it has received from scholars of Latin America. The power of political and economic forces can only be properly weighted through an analysis of policy outcomes (Carpenter 2001, 11; Weyland 2006, 11-14). This study shows the relevance of technocrats to policy outcomes in the region. Electoral incentive and structural approaches attribute too much weight to particular actors in the policy making process, while neglecting the importance of other actors, such as technocrats. The assumptions made by these theories end up providing a simplistic and unrealistic account of policy making in the region.

On the one hand, theories that focus on electoral incentives to explain policy choices fail to recognize that politicians’ interests do not determine policies to the degree assumed by these theories. These perspectives take for granted that policy making is a consequence of the interests and strategic interactions of politicians, and that the state is simply the arena where these interests are at play (Ames 1987; Geddes 1994; Magaloni

2006). As such, policy outcomes are assumed to represent the preferences and intentions of politicians.

These assumptions may be more accurate in the case of weak bureaucracies that can be easily manipulated by politicians, but my study shows that certain state actors, such as technocrats, can act according to their own preferences and oppose politicians to a considerable degree. Technocrats are able to restrain politicians' agendas and escape their control in ways not compatible with political incentives' theories. Experts can adopt rules that limit politicians' use of resources, trump their policy preferences, or even insulate policy areas from political interests to a considerable degree. Furthermore, this thesis shows that politicians are frequently unaware of the content of policy making, even of policies that have short- and middle-term repercussions over political interests. The role of technocrats is much more autonomous and relevant than allowed by political incentives' theories.

These findings have implications for broader debates about the adequacy of electoral incentives' theories. Many authors explain bureaucratic power in developed countries as the product of a calculated delegation by elected politicians: due to their control over resources and legislative capabilities, politicians clearly remain the principals in this relationship. Policy decisions are assumed to correspond to politicians' desires and goals (McCubbins and Schwartz 1984; Chang, De Figueiredo and Weingast 2000; Huber and Shipan 2002). Some influential studies challenge these assumptions by stating that even in highly institutionalized countries it is an exaggeration to suggest that

politicians can control the bureaucracy (Moe 1990; 2005; Carpenter 2005). Politicians do not have the capacity to ensure agencies' obedience. In short, state institutions have much more autonomy than usually acknowledged by these electoral incentives theories. My findings, then, add support to these criticisms of electoral incentives theories.

Similarly, structural theories that focus on economic forces as the main determinants of policy-making in Latin America underestimate the importance of technocrats. On the one hand, external structural perspectives exaggerate the power of IFIs over local actors. As discussed in chapter two and throughout my empirical chapters, the relationship between experts and IFIs is not one of subordination. IFIs provide experts with new policy ideas and they even join forces on some occasions to push forward particular policies, but foreign structural forces represented by IFIs are not by any means determining technical policies in Latin American states. On the contrary, as shown in the cases I document, Latin American states use their experts to balance the expertise of these external forces in order to defend themselves against their sometimes unwelcome policy recommendations.

On the other hand, domestic structural perspectives exaggerate the power of business people over technocrats. These theories assume that dominant business interests have the capacity to transform their preferences into policies, depicting state actors such as technocrats as mere agents of economic interests. This may be the case of certain state agencies lacking the resources to oppose business interests; such capture may also happen where there is an unbalanced constellation of stakeholders that fails to limit business

intrusion. But these theories disregard the importance of technocrats' power to affect business interests and sometimes even transform the economic structure of the country as it happened in Peru during the 1990s.

By underestimating technocrats' relevance, these theories miss one of the most important sources of policy reform and institutional change in Latin America. Given their autonomy, experts are frequently successful in advancing their interests. Experts' decisions affect the output side of politics to a considerable degree. And by shaping policy programs, technocrats' actions have important social, political and economic effects in the region (Weyland 2006, 11-13). As such, experts deserve to be considered powerful actors in the region.

Furthermore, experts' position in the state and their proximity to international networks makes them frequent first-movers in policy reform. As part of international epistemic communities, technocrats are aware of reform experiences around the world. Their proximity to new policy recipes for myriad social and economic problems allows them to "import" this knowledge, for good or for bad, to their societies. And given their autonomy, they can act to adopt those changes.

Different works highlight policy diffusion through high-ranking bureaucrats as an important mechanism of institutional reform in the developing world (Weyland 2002; 2006; Ewig 2010; Haggard and Kaufman 1995). My study confirms these findings, but also provides somewhat different conclusions about experts' capacity to reform. Some of these authors tie experts' influence to some acute crises that weaken politicians and make



them delegate authority to experts (Ewig 2010; Haggard and Kaufman 1995). Others, such as Weyland (2006), find a more stable influence of experts even under less acute conditions. My findings confirm that expert influence is certainly higher under crises conditions but, as discussed throughout my empirical chapters, this influence is not dependent on these conditions. I show that economic technocrats in Colombia and Peru, and even health experts in the second Colombian health episode, have remained quite influential under normal political and economic conditions.

The Colombian technocracy, for example, advanced market reforms as a preemptive strategy—not in response to a crisis. Similarly, Peruvian experts have maintained their preferred policy of fiscal prudence even under booming economic conditions, a time when any autonomy conferred solely by a crisis situation would surely have dissipated. These experts have also initiated administrative reforms without political involvement. And health experts exercise influence pushing for state reform before a full blown crisis emerges in the health system. This study shows that in certain policy areas experts' influence remains quite high across time and is not dependent on crisis conditions.

My investigation, then, confirms the importance of technocrats as political actors in Latin America and their decisive role in policy making. I provide a theory that also predicts in which policy areas this influence is expected to be higher. Competing theories make unrealistic assumptions about the power of other actors in determining and advancing policy. No proper analysis of policy making in the region is complete without

an analysis of technocratic actors. What can this study teach us about the Latin American state?

### ***THE STATE AND STATE INSTITUTIONS' STRENGTH***

My dissertation contributes in three fundamental ways to the study of the state in Latin America. First, my thesis locates technocrats among the political actors capable of determining state preferences in the region. Various authors have depicted the state or state agencies as autonomous actors in Latin America. For instance, James Mahoney argues convincingly that nineteenth century liberal reforms changed the socioeconomic landscape of Central American countries with considerable repercussions for these countries' political regimes (Mahoney 2001). Stepan and Trimberger discuss the way in which the Peruvian military conducted a “revolution from above” against powerful export and agricultural interests (Stepan 1978; Trimberger 1979). Similarly, David and Ruth Collier propose that the type of policies adopted by Latin American states to incorporate labor in the first half of the twentieth century had important effects on the party systems in these countries (Collier and Collier 1991).

Most of these works focus on some actor providing “the state” with its policy preferences, usually politicians or the military. In line with other works that show the limited role of political actors in shaping policy preferences in the region, this dissertation points to experts as key determinants of policies (Biglaiser 2002; Weyland 2007; Ewig 2010). My study shows that experts also deserve to be considered among the actors shaping state preferences.

Second, my dissertation—specifically the four factors highlighted in my theory—sheds light on an understudied characteristic of the state in Latin America and in the developing world more broadly: variation in the institutional strength of different state agencies. While some sectors inside Latin American states are highly professional, other areas remain poorly financed, badly equipped, and with little capacity to achieve their institutional goals.

The four factors I identify open an initial avenue of research to explain which agencies are more likely to gain autonomy and exercise their authority efficiently. Ministries and state offices dealing with complex policies, where there is consensus among policy practitioners, where public goods that affect most of the population are issue, and where there is a balanced constellation of stakeholders, are more likely to muster institutional strength. Conversely, areas in which these factors score low are likely to remain weak. Research in other state agencies is necessary to provide a more complete and nuanced explanation for this variation, but these factors are a good starting point to study the variation in institutional strength inside the state.

Lastly, and closely related to the previous point, these findings also highlight another limitation of political incentives' theories for explaining state institutions' strength in the region. These theories tend to correlate state autonomy and state capacity with the degree of competitiveness of political parties. From this perspective, a more competitive party system will allow state institutions to gain autonomy and become more professional by limiting political intervention in bureaucratic agencies. This literature, for example, argues that parity

among political parties leads to professional and independent bureaucracies by reducing the importance of patronage in electoral politics (Geddes 1994). Geddes explains the administrative reforms to professionalize the bureaucracy undertaken in Colombia, Uruguay and Venezuela by a balance among political parties. Similarly, other authors stress that political competitiveness provides space for the growth and expansion of judicial autonomy as equally powerful political forces check each other, preventing the control of courts by one of them (Bill Chavez 2004; Magaloni 2003; Ríos Figueroa 2007).

My theory concurs with these works in that plural and similarly strong political forces can enhance state institutions' autonomy. The judicial cases seem to corroborate this line of reasoning: political actors of equivalent power can act as veto players preventing the control of the court by a competing actor. Nonetheless, my findings also show that political parity by itself does not guarantee autonomy or institutional capacity where political actors can decide to share the spoils. In areas that revolve around the allocation of distributable resources political competitiveness by itself does not seem a sufficient condition to explain professional state institutions.

As shown in my Colombian episodes, state institutions' autonomy largely transcends competitiveness of the party system: a bipartisan system as it prevailed in Colombia for decades does not lead to more state professionalism in the overwhelming majority of bureaucratic agencies. Similar negative outcomes can be found in two of Geddes' cases. Neither Venezuela nor Uruguay provide enough evidence of bureaucratic independence and professionalism being born out of political party parity. Again, these

examples seem to support the idea that equally strong political parties can share patronage.

Politicians, then, are only part of the story explaining state institutions' strength. My work shows that a balanced constellation of stakeholders that have interests in a policy area is also crucial for limiting the politicization of state agencies. The presence of powerful socioeconomic actors with veto power over politicians limits the possibility of politicians sharing the spoils of policy areas. Socioeconomic interests involved in a policy sector, then, are also crucial for explaining state institutions' strength. Other issue areas lacking a balanced constellation of stakeholders are likely to remain unprofessional even under conditions of political party parity. Thus political incentives theories leave out some crucial elements when analyzing politics in the Latin American state.

My findings enrich the scholarly understanding of the Latin American state. This dissertation highlights how state actors besides politicians or the military, namely technical experts, provide the state with policy preferences. It also gives us insights into explaining variation in institutional strength inside the state. And it demonstrates the limitations of political incentives' theories for explaining politics, especially state institutions' strength. As such, it provides important insights into an understudied topic in Latin American politics.

### ***PRACTICAL LESSONS FOR POLICY MAKERS***

This thesis also has important implications for policy practitioners in the region. This study provides insights about the limits and possibilities of policy makers' reform

strategies. My findings show the limitations of uniform reform models that disregard the context in which state agencies operate. Some reformers are more vulnerable than others, as some state agencies are more difficult to reform than other state agencies. Reformists acting in policy areas in which my four identified factors are favorable are more likely to succeed in their undertakings, while those acting in sectors where these conditions are unfavorable face stronger limitations. Assuming uniform reform strategies across state policy areas may lead to unrealistic goals that are later thwarted by tight limits on reformist teams.

In fact, my theory suggests quite pessimistic predictions about the chances for reforming those policy areas where these four factors are unfavorable for autonomy. In these areas, reforms and policy professionalization are quite difficult to achieve, and even if policies advance, they run a higher risk of reversal. A proper understanding of these limitations allows policy makers to be more aware of these obstacles and be more realistic about reform strategies.

For example, my health episodes suggest the limitations of World Bank recipes to ameliorate health provision by strengthening users' associations in the health system (World Bank 2004; Reuben and Belsky 2006). Recipients of health services in the region tend to be poor and lacking technical capacities. As such, they are not strong enough to counterbalance political interests in the way powerful stakeholders do in economic policy areas, or as private health providers do in Colombia. If these reform strategies do not rely on actors with the capacity to monitor the state, better policy outcomes remain unlikely.

Also important, chapter four shows the pay-offs of institutionalization strategies to achieve long-lasting professionalization of policy areas. Public policy makers interested in achieving professionalization should invest time and resources in creating mechanisms that promote stability, reproduction, and continuity as economic technocrats did in Colombia. The Colombian episode shows how these strategies offer good results over the medium term. This dissertation provides important lessons to policy makers about the challenges and limitations they face when reforming the state.

### ***TECHNOCRATS, DEMOCRACY AND BEYOND.***

Early literature on technocrats in the region claimed that experts had a “natural” affinity with authoritarian regimes (O’Donnell 1973; Collier 1979). In the nineties this argument was questioned by scholars who stressed that experts were also important actors in democracies (Centeno and Silva 1998; Domínguez 1997). The conclusion of this second group of authors was that there was no natural affinity between experts and a particular regime type.

This thesis provides support for this conclusion: experts remain relevant actors in Latin American democracies. Experts’ power is not tied to the fate of authoritarian regimes, but they can also exercise significant influence in democracies. In fact, experts’ power under democracy is less dependent on a single military leader or a particular *Junta* as it is usually the case under authoritarian regimes. Technocracies have gained stability across the region in democratic times.

My findings also speak to current academic debates about the power of non-elected actors over democratic politicians. Some authors have pointed to the degree of control achieved by professional bureaucracies in developed and developing democracies (Suleiman 1974; Johnson 1995). Some of these authors see a problematic, undemocratic trend, worrying that these technical bureaucracies can adopt their own preferences against the will of their politically elected superiors (Meynaud 1969; Bell 1973). Similarly, in Latin America various authors have warned about the dangerous, undemocratic character of technocracy. Technocratic influence is perceived as limiting democratic politics in the region: citizens may elect governments according to their preferences, but policy outputs are controlled by technocrats (Centeno 1993; Conaghan and Malloy 1994; Centeno and Silva 1998).

In regards to democratic accountability, my findings point to the limits of Latin American democracies. The cases show that political bodies lack the technical capability to match technocrats' expertise. Especially in economic policy areas, technocrats have considerable leeway to act on their own preferences over policy choices and disregard to a considerable degree the preferences of democratically elected politicians. Economic experts are powerful and their strategies are sometimes undemocratic. As discussed in the Peruvian episodes, experts' policies were designed and advanced with little debate outside the technocratic teams. The implementation of the Colombian health reform was also secretive. The quality of these democracies could therefore look questionable, as public policies are not necessarily responsive to the interests of the elected politicians.



The autonomy of technocrats in economic policy sectors gives ground to the concept of “technocratic democracies” presented by some authors in the nineties (Centeno and Silva 1998). This image of strong autonomy, though, does not extend to all policy areas. Across my cases, it is more applicable to economic issues. Expert independence in the health sector is based on their superior expertise but also on careful maneuvering to prevent political backlash.

These undemocratic features may not result in negative outcomes. As highlighted by Weber in the case of bureaucracies, due to adequate organizational incentives and a lack of concern for electoral politics, bureaucrats act as a salutary counterweight to politicians’ short-term electoral interests (Weber 1946). This thesis shows that technocrats produce similar salutary effects by restraining some of the patronage-driven impulses of politicians and strengthening institutions in a region with politicians well known for their irresponsible policymaking. Reform efforts in different state areas, for example, are frequently initiated by experts, not by politicians. Health experts have advanced reforms in areas largely ignored by Latin American leaders, such as health provision for the rural areas of their countries (Nelson 2004, 31). And economic technocrats have helped to keep inflation under control, one of the most important causes of regime illegitimacy in the past decades. As such, technocrats provide some positive inputs for political stability in Latin America. Nonetheless, the fact that sometimes these outcomes are positive ones does not reduce the democratic tension between technocratic policies and elected politicians.

This thesis dialogues with and complements some other avenues of research regarding experts in the region. Recent works point to the crucial role technocrats play in bridging centers of knowledge (such as universities and think tanks) and the state (Santiso and Whitehead 2006; Tanaka et al. 2011). Experts can act as the interlocutors of other experts outside the state proposing policy reforms, thus enriching the political debate. Other authors look at experts' role as advisors or members of political parties (Koivumaeki 2010; Montecinos 2005). According to these accounts, political parties capable of attracting experts to their ranks make more electorally attractive policy programs and proposals.

Moreover, scholars in the nineties pointed to some questions about experts' participation in democracy that have largely remained unanswered and that are worth exploring. Can technical experts lacking traditional political skills become successful actors in electoral politics (Centeno and Silva 1998, 9; Domínguez 1997)? Under what conditions are they more successful? What is their electoral appeal when facing more traditional politicians (Montecinos 1998)? My research suggests that the role of experts in elections is certainly worth examining. Latin American politics features experts participating broadly in national and sub-national electoral politics. This trend is very common in Chile, where parties count several experts among the ranks of their candidates (Dominguez 1997; Montecinos 1998; 2005). To mention one example among many, Alejandro Foxley, finance minister of Patricio Aylwin (1990-1994) and key figure of the Chilean transition, has had a successful career as a senator and leader of the Christian

Democracy party. In Argentina, technically trained people such as Alfonso Prat Gay, from Coalición Cívica, or Mercedes Marco del Pont, from the Peronist party, are all successful politicians across the Argentine political spectrum. In Colombia experts also have a long history of electoral participation in the traditional Liberal and Conservative parties. More recently, Pedro Pablo Kuczynski finished third in the 2011 Peruvian presidential election with eighteen percent of the vote.

However, technocrats' success is not consistent across countries. Initial evidence, for example, shows that experts in Chile enjoy significant electoral success, while in other countries, like Peru, experts achieve weaker results in their electoral careers. What explanations can be offered for this intra-regional variation? What factors make experts more or less successful in electoral politics? Are strong political parties a necessary condition for actors such as experts to succeed in politics? What are technocrats' strengths and weaknesses as presidential and congressional candidates?

These are all questions worth pursuing in the future. As discussed thoroughly in this dissertation, technocrats are important actors in the region that accommodate well to regime changes and diverse political and economic conditions. And the weakness of regional bureaucracies that makes politicians seek experts' advice and support is not likely to change anytime soon. Nothing points to the possibility that experts will not continue exercising their influence and power in Latin America.

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